Augean PLC
specialists in waste management

March 2013
Presented by:
Richard Allen
Interim Chief Executive & Finance Director

Results
for the year to 31 December 2012

Agenda

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

Group structure and sources of revenue

Augean PLC

- **Augean NORTH SEA SERVICES**
  - Aberdeen (x3)
  - 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

Principal customers

Examples of some of our principal customers during 2012/13

Highlights

for the year to 31 December 2012

Financial highlights for 2012

- Revenue
  - Including landfill tax; increase of 13% to £42.4m (2011: £37.5m)
  - Excluding landfill tax; increase of 18% to £36.8m (2011: £31.3m)
- EBITDA
  - Adjusted £6.6m (2011: £6.1m)
- Profit before tax
  - Adjusted £2.6m (2011: £1.1m); Total £2.8m (2011: £1.4m)
- Earnings per share
  - Adjusted 1.72p (2011: 1.26p); Total 1.97p (2011: 1.59p)
- Cash flow
  - From operations £5.8m (2011: £4.7m); free cash flow* £0.7m (2011: £(0.5)m)
- Recommendation of payment of a maiden dividend of 0.25p per share
- Net debt
  - Increase to £6.1m (2011: £4.0m) following acquisitions of £3.3m
  - Gearing rose to 13% (2011: 9%)

* Stated before acquisition costs

Operational highlights for 2012

- Increased sales revenues across all divisions compared to previous year
- Improved operating margins on key activities
- Initial disposal of multiple waste streams from radioactive decommissioning
  - 2,107 tonnes disposed, at an average price of £271 / tonne
  - Slower than expected release of low level waste (LLW) from the nuclear estate
  - Entry into emerging market for naturally occurring radioactive material (NORM)
- Planning extensions secured at ENRMF (2016) and Thornhaugh (2028)
- ANSS operated successfully in the North Sea market throughout the second half
- New high temperature incinerator (HTI) integrated within Waste Network division
- New industrial cleaning services provided through Oil & Gas Services division
- Several medium term contracts secured with large customers across all divisions

Strategic developments

- Moved into delivery phase across key strategic markets
- Continued focus on radioactive decommissioning markets to drive profit growth
- Planning permission sought to extend the size and life of the ENRMF site to 2026
- Offshore waste management offering growing through ANSS
- Minerals extraction underway at Cooks Hole, providing royalty stream
- Energy production available as electricity, heating steam and fuel oils
- Appointment of Dr Stewart Davies as new CEO from August 2013
- Conditions in place for payment of maiden dividend

Market update

Principal Augean waste markets

- UK hazardous waste
  - Total market c.4.4m tonnes per annum (1)
  - Prices competitive but stable
  - Flat during 2012; limited growth expected

- UK land remediation
  - Construction declined by 10% to March 2013 (2)
  - Hazardous landfill c.0.6m tonnes p.a.
  - Withdrawal of landfill exemption certificates in April 2012
  - No large 2012 projects; limited growth expected

- Radioactives
  - VLLW & LALLW from all nuclear installations; c.5,000 tonnes p.a. available to Augean (3)
  - NORM from offshore decommissioning; potential 500 to 2,000 tonnes p.a. available (4)
  - Significant price range, depending on isotopes and other contaminates
  - Further activity required to unlock routes
  - Competition exists for all waste streams

Principal Augean waste markets…contd

- APCR
  - Current 130,000 tonnes per annum (Augean 50% market share)
  - Potential further 300,000 tonnes from EfW over 10 years (5)
- Offshore
  - Drilling activity increased 30% in 2012
  - Drill cuttings volumes rising; approx. 50,000 tonnes p.a. (6)
  - Slops stable; approx. 40,000 tonnes p.a. (6)
  - Emerging Offshore decommissioning market
- Increasing influence of Waste Hierarchy*; Augean focused on more difficult to handle wastes

* The Waste Hierarchy, as defined by the Waste Framework Directive

Sources:
(1)Environmental Agency
(2)ONS
(3)Company estimates
(4)Company estimates
(5)Jacobs research
(6)BMT Cordah research

Financial review

for the year to 31 December 2012

Group statement of comprehensive income

	Before exceptional items 2012 £'000	**Exceptional items 2012 £'000**	**Total 2012 £'000**	Total 2011 £'000
Revenue	**42,421**	**—**	**42,421**	37,459
Operating expenses	**(39,163)**	**(370)**	**(39,533)**	(35,483)
Operating profit	**3,258**	**(370)**	**2,888**	1,976
Net finance charges	**(639)**	**—**	**(639)**	(571)
Gain on bargain purchase	—	**528**	**528**	—
Share of loss of jointly controlled entity	**(16)**	—	**(16)**	(16)
Profit before tax	**2,603**	**158**	**2,761**	1,389
Tax	**(872)**	**91**	**(781)**	193
Profit for the year and total comprehensive income	**1,731**	**249**	**1,980**	1,582
Profit attributable to:				
Equity shareholders of Augean plc	**1,717**	**249**	**1,966**	1,582
Non-controlling interest	**14**	—	**14**	—
Earnings per share				
Basic and diluted	**1.72p**	**0.25p**	**1.97p**	1.59p

- •Revenue growth net of LFT 18%
- •Divisional restructure and acquisition of ANSS
- •Gain on purchase of ANSS
- •Terramundo on hold
- •Deferred tax benefit from ANSS
- •Exceptional costs £370k
- •Exceptional credit £619k

Statement of financial position

	2012 £'000	2011 £'000	
Goodwill	**21,705**	21,705	•Impairment reviewed
Other intangible assets	**123**	49	
Investments in subsidiaries	—	—	
Investment in jointly controlled entity	**8**	16	
Property, plant and equipment	**39,561**	35,415	•Capex of £3.8m
Deferred tax asset	**1,231**	854	•Depreciation vs capital allowances
Non-current assets	**62,628**	58,039	
Current assets	**9,091**	8,081	•Debtor increases in line with sales growth
Current liabilities	**(9,313)**	(9,949)	
Net current liabilities	**(222)**	(1,868)	
Non-current liabilities	**(12,328)**	(9,308)	•Increase in debt to fund acquisitions
Net assets	**50,078**	46,863	
Shareholders' equity			
Share capital	**9,970**	9,970	
Share premium account	—	114,960	
Special profit reserve	**32,076**	—	•Capital reduction complete
Retained earnings	**6,913**	(78,067)	
Equity attributable to owners of Augean plc	**48,959**	46,863	
Non-controlling interest	**1,119**	—	
Total equity	**50,078**	46,863	

Statement of cash flows

	2012 £'000	2011 £'000	
EBITDA	**6,255**	6,479	
Working capital movement and others	**(437)**	(1,766)	•Stable inventories & creditors, increase in debtors
Cash generated from/(used in) operations	**5,818**	4,713	
Finance charges paid	**(479)**	(469)	
Tax paid	**(744)**	(123)	•QUIPS initiated
Net cash generated from/(used in) operating activities	**4,595**	4,121	
Net cash used in investing activities	**(5,742)**	(4,199)	•Purchase of ANSS & capex programme
Net cash generated from /(used in) financing activities	**1,148**	(78)	•Loan drawdowns
Net (decrease)/increase in cash and cash equivalents	**1**	(156)	
Cash and cash equivalents at beginning of period	**4**	160	
Cash and cash equivalents at end of period	**5**	4	

Financial ratios

	2012 £'000	2011 £'000
Net debt	**(6,116)**	(3,968)
Cash interest	**(479)**	(469)
EBITDA (adjusted for exceptional items)	**6,625**	6,148
Net operating cash flow	**4,595**	4,121
Capital investment	**(3,751)**	(4,988)
Net assets / Equity	**48,959**	46,863

Free Cash Flow*	**674**	(479)
Net debt / equity (%)	**13%**	9%

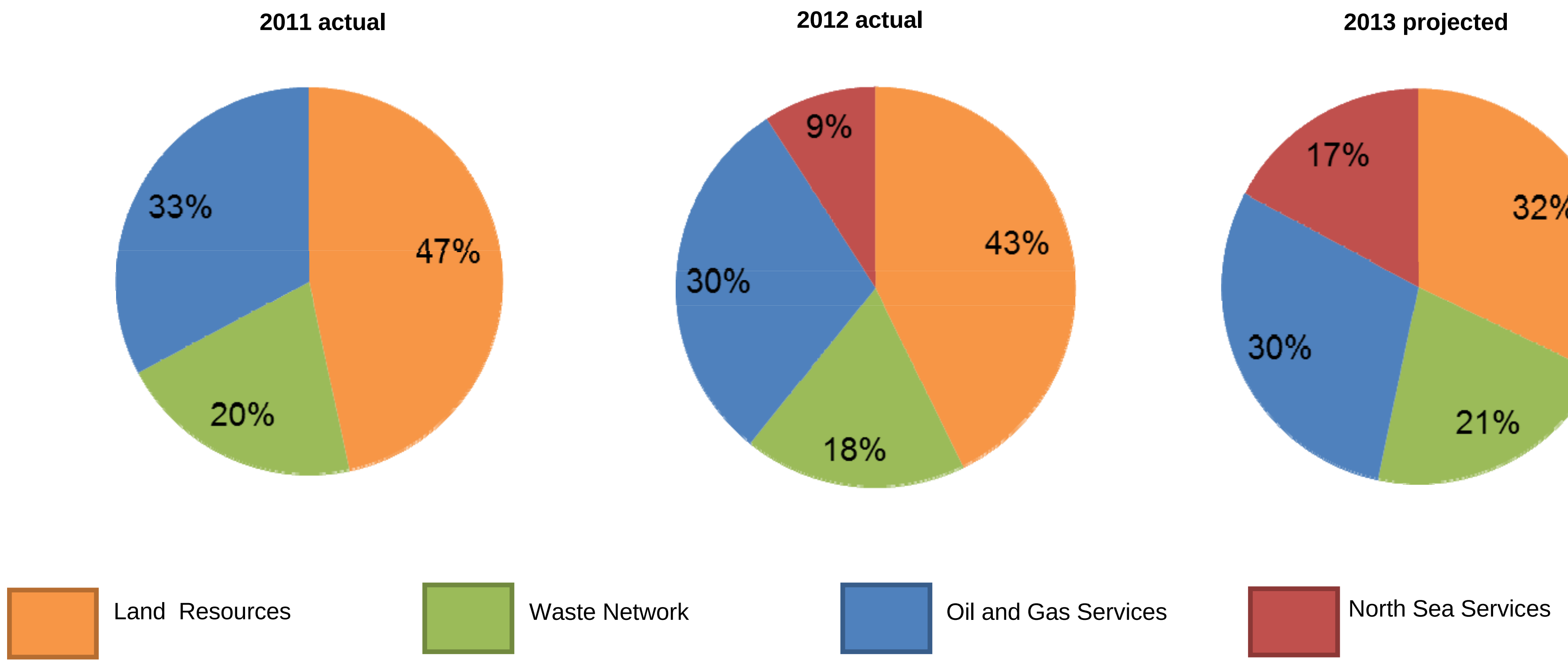
Rolling 12 month covenants		
Net debt/EBITDA (Covenant target <2.5x)	**1.0x**	0.6x
EBIT/cash interest (Covenant target >2.0x)	**13.6x**	8.7x

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

Operational review

for the year to 31 December 2012

Divisional contributions to Group revenues



Split of H1 and H2 trading results

	H1 2012 £'000	H2 2012 £'000	Total 2012 £'000	Total 2011 £'000
Revenue				
Land Resources	**9,138**	**6,592**	**15,728**	14,591
Waste Network	**2,662**	**3,922**	**6,584**	6,425
Oil and Gas Services	**5,096**	**5,984**	**11,080**	10,271
North Sea Services	**582**	**2,784**	**3,366**	—
Group	**19,986**	**19,282**	**36,760**	31,287
Operating expenses				
Land Resources	**(5,796)**	**(3,267)**	**(9,063)**	(15,904)
Waste Network	**(3,781)**	**(4,768)**	**(8,549)**	(7,542)
Oil and Gas Services	**(6,443)**	**(5,910)**	**(12.353)**	(11,659)
North Sea Services	**(576)**	**(2,904)**	**(3,480)**	—
Group	**(18,786)**	**(20,747)**	**(39,533)**	(35,483)
Operating profit				
Land Resources	**3,342**	**3,323**	**6,665**	4,859
Waste Network	**(1,119)**	**(846)**	**(1,965)**	(1,117)
Oil and Gas Services	**(1,347)**	**74**	**(1,273)**	(1,388)
North Sea Services	**6**	**(120)**	**(114)**	—
Group	**882**	**2,431**	**3,313**	1,976

Note: Excludes landfill tax and inter-segment sales

Divisional performance 2012

	Land Resources Division 2012 £'000	Land Resources Division 2011 £'000	**Waste Network Division 2012 £'000**	Waste Network Division 2011 £'000	**Oil & Gas Division 2012 £'000**	Oil & Gas Division 2011 £'000	**North Sea Services subsidiary 2012 £'000**	North Sea Services subsidiary 2011 £'000
Revenue								
Hazardous landfill activities	**10,433**	11,175	**—**	—	—	—	—	—
Non-hazardous landfill activities	**1,251**	1,564	**—**	—	—	—	—	—
Waste treatment activities	—		**1,136**	—	**12,389**	10,271	—	—
Energy generation	**129**	170	**—**	—	—	—	—	—
APCR management	**4,002**	1,846	**—**	416	—	—	—	—
Low Level Waste management	**571**	—	**—**	—	—	—	—	—
Processing of offshore waste	—	—	**—**	—	—	—	**1,964**	—
Rental of offshore equipment and personnel	—	—	**—**	—	—	—	**1,272**	—
Waste transfer activities	—	—	**6,180**	6,009	—	—	**140**	—
Total revenue net of landfill tax	**16,386**	14,755	**7,316**	6,425	**12,389**	10,271	**3,376**	—
Inter-segment sales	**(656)**	(164)	**(732)**	—	**(1,309)**	—	**(10)**	—
Revenue	**15,730**	14,591	**6,584**	6,425	**11,080**	10,271	**3,366**	—
Result								
Operating profit/(loss) before exceptional items	**6,705**	4,146	**(1,834)**	(984)	**(1,235)**	(1,138)	**47**	—
Exceptional items	**(40)**	713	**(131)**	(133)	**(38)**	(250)	**(161)**	—
Operating profit/(loss)	**6,665**	4,859	**(1,965)**	(1,117)	**(1,273)**	(1,388)	**(114)**	—

Land Resources: profit and cash generation

- Robust operating performance
- Revenue growth from projects and ash transfer from Cannock
- Radioactives disposal underway
- Increasing contribution from Remediation Centres
- Focus moving away from lower margin non-hazardous work
- Overall increase in operating margin to 31%
- ROCE of 19%*

	Volumes (tonnes)			**Prices (£/tonne)**		
	2012	**2011**	**% change**	**2012**	**2011**	**% change**
Volume (tonnes)						
Hazardous	188,091	204,860	-8%	56.21	52.94	6%
APCR	60,252	47,617	27%	32.85	27.74	18%
Radioactives	2,107	18	n/a	271.29	367.11	n/a
Non-hazardous	69,942	87,906	-20%	17.89	17.33	3%
Total	**320,392**	**340,383**	**-6%**			

*calculated as EBIT/capital employed (divisional net assets)

Land Resources: minerals extraction

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

Oil & Gas Services: building market presence

- Underlying revenues increased 8% year on year
- Improved asset utilisation through focus on higher margin activities
- Improved gross margins and operating profit in H2
- Operating loss £1.3m (2011: £1.4m) (H1: loss £1.3m; H2: profit £0.1m)
- EBITDA loss £0.3m (2011: loss £0.3m) (profit in H2)
- Port Clarence Waste Recovery Park development continues
- Successful integration with ANSS
  - Providing an integrated waste management supply chain
  - Strengthening Scottish market presence

Waste Network: new assets & service offerings

- Underlying revenues increased by 10% year on year
  - Competitive market with limited growth
  - Growth in transfer activities
  - Ash activities transferred to LR division
  - Growth in direct customers and larger contracts
- East Kent incinerator operational and integrated into national network
- Sales overhead maintained to drive sales growth
- Site rationalisation underway in 2013 to reduce fixed costs
- Operating loss £2.0m (2011: £1.1m)
- Strategic options under review

Waste Network: incineration

- Former Pfizer assets at Sandwich, Kent
- 10 year operating lease

- Includes high temperature incinerator
- 10,000 tonne per annum capacity
- One of only 3 commercial facilities in the UK
- Energy recovery (as steam) provides USP

- Gate fees range from £50 to £1000 / tonne
- Expected EBITDA ranging from £0.3m to £0.5m p.a.
- Providing access to new customers in clinical and pharmaceutical sectors

ANSS: established in North Sea markets

- Formation of Augean North Sea Services Ltd
  - 70% / 30% joint venture
  - £2.05m investment, plus £1.0m intercompany debt
  - Using established assets & resources

- Management of wastes on drilling rigs
- Drill cuttings treatment at Port Clarence
- Slops (water) treatment in Aberdeen
- Hazardous waste transfer

- EBITDA £0.3m during first six months trading
- On target for IRR of 12-15%

Strategic update

Strategy: Radioactive wastes

- 2012 activities
  - Legal process completed
  - Two major contracts secured, but only one delivered volumes
  - 2,100 tonnes delivered £0.5m operating profit
- LLWR framework
  - Contractual basis for disposal of decommissioned VLLW/LALLW from UK nuclear estate
  - Provides insurance cover for all participants and avoids “aggregation” issues
  - Mini-bid process introduces competition with Sita and FCC
  - Pricing £150 to £1,000 / tonne
- NORM
  - High volumes available offshore
  - Treatment and disposal solution provided through partnership with Scotoil Ltd
- Forecasts
  - Low data quality and clarity around inventories
  - Remain confident of material market opportunities
  - Working closely with LLWR, NDA, SLCs and private businesses

Strategy: Offshore waste management

- Recent developments
  - Purchase of Greenbank site from VES (£0.2m)
  - New contracts increasing cuttings volumes by 50% year on year

- Growth opportunities in 2013
  - Boat cleaning and industrial services
  - NORM treatment and disposal (working with Scotoil Ltd and Land Resources)
  - NE Scotland hazardous waste

- Medium term opportunities
  - Offshore industrial services
  - Offshore decommissioning
  - Offshore processing of drill cuttings

- Medium term targets raised
  - Revenue of £8.0m p.a.
  - EBITDA of £0.8m and EBIT £0.5m p.a.

Strategy: Energy production

- Gas-fired electricity generation continues (£0.2m p.a.)
- Steam production for heating from East Kent incinerator (£0.1m p.a.)
- Oil recovery for fuel of 2.9m litres in 2012
- Further land use opportunities under review

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Waste Networks strategic options

- Consolidation of existing sites to improve asset utilisation
- Review and removal of low/nil margin customer accounts
- Focus on larger customers and medium term contracts
- Leverage East Kent incinerator to enter new markets (clinical, pharma, research)
- Realignment of support and sales infrastructure

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Planning and Permitting

- Securing long term asset values
- Thornhaugh planning permission secured until December 2028
- ENRMF time extension secured until December 2016
- ENRMF time and size extension underway
  - National policy decision
  - Planning inspectorate and Secretary of State
  - Public enquiry completed
  - Decision by September 2013
  - To provide additional 1m m^3 to December 2026
- Beginning permit application process for incineration of radioactive materials

Outlook

Outlook

- Traditional hazardous waste markets aligned with UK economy
- New markets being unlocked to broaden revenue generation
- Targeting new direct customers and larger contracts
- Material contribution available from radioactive decommissioning
- Growth opportunities available from ANSS
- Improving profitability in all divisions
- Capital expenditure circa £3.5m

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