Augean PLC
specialists in waste management

Results
for the year to 31 December 2013

March 2014
Presented by:
Dr Stewart Davies, Chief Executive Officer
Richard Allen, Group Finance Director

Agenda

- Headlines
- Structure of the Results
- Customers
- Highlights for 2013
- Market update
- Financial review 2013
- Operational review 2013
- Strategic update
- Outlook

Headlines for 2013

- Revised 2013 profit expectations achieved:
  - Adjusted PBT of £3.2m (2012: £2.6m)
  - Retained loss caused by impairment of discontinued operations
- Waste Network division closed; disposals completed
- Strengthened presence and share in key markets:
  - Ash from Energy from Waste facilities
  - Radioactive waste disposal
  - North Sea oil & gas
- Performance improved from previous year in all continuing operations
- New businesses established to drive medium term growth

Augean PLC

2013 results aligned with the following structure:

Augean PLC

- **Augean North Sea Services**
  - Aberdeen (x4)
  - Boat cleaning & Slops
  - Onshore waste
  - Drilling waste management
  - Waste services for North Sea operators
- **Augean Waste Network**
  - Continuing operations: AIS (Cannock), East Kent HTI
    - Service-led solutions
  - Discontinued ops: Worcester, Hinckley, Rochdale
    - Transfer stations
- **Augean Oil & Gas Services**
  - Avonmouth, Paisley, Port Clarence WRP
  - Recycling
  - Thermal recovery
  - Industrial services
  - Industrial cleaning & recovery of oil-contaminated wastes
- **Augean Land Resources**
  - ENRMF, Port Clarence, Thornhaugh
  - Radioactive Waste
  - Hazardous waste
  - Energy & mineral resources
  - High volume treatment and disposal solutions

Principal customers

Examples of our principal customers during 2013/14

Largest 25 customers, by sales, delivered 55% of net revenues in 2013

Highlights

for the year to 31 December 2013

Financial highlights for 2013

- Revised expectations met – Adjusted PBT of £3.2m
- Increase in net debt driven by capital investment
- Revenue, PBT and EPS improvements in continuing operations
- Dividend quantum increased, reflecting confidence around future delivery

£m unless stated	31 Dec 2013	31 Dec 2012	Δ %
Combined continuing and discontinued operations:			
Revenue	47.123	42.421	11%
Adjusted PBT	3.172	2.603	22%
EBITDA	6.220	6.255	(1%)
Operating cash flow	5.862	5.818	1%
Net debt	(8.491)	(6.116)	39%
Continuing operations only:			
Revenue from continuing operations	43.488	36.694	19%
Adjusted PBT from continuing operations	4.431	3.939	12%
Adjusted earnings per share from continuing operations	3.29p	2.84p	16%
Proposed DPS	0.35p	0.25p	40%

Operational highlights for 2013

Continuing operations

Land Resources:
- Landfill volumes fell to 295k tonnes, but mix improved to higher margin activities
- Adjusted operating profit increased to £7.1m (2012: £6.7m)

Oil & Gas Services:
- Reduction to losses and small positive EBITDA
- Developed new disposal routes for oily wastes, reducing operating costs

ANSS:
- Strong growth, ahead of Board expectations; operating profit £0.7m
- Well established in key markets

East Kent:
- Challenging year, caused by mechanical breakdowns; £0.9m operating loss
- Repairs and upgrades successfully completed

Strategic developments

- Creation of Augean Integrated Services to focus on service-led waste solutions for clients
- Creation of Radioactive Waste Services to develop LLW and NORM disposal volumes
- Increased stake in ANSS to 81%
- Planning permission secured at ENRMF and Thornhaugh
- Investment of £2.6m in development projects at Land Resources and ANSS
- Waste Network sales completed; consideration of £1.2m
- Banking facilities renewed with HSBC and extended to £15.0m
- Review of strategy completed and headlines now being published

Market update

Principal Augean waste markets

- UK hazardous waste
  - Total market at approx. 4.0m tonnes per annum (1)
  - Limited growth expected in general market
  - Trend towards recovery, recycling and re-use continues
  - Technology, knowledge and assets required to sustain and develop market positions

- UK land remediation
  - Construction output grew by 5.4% to January 2014 (2)
  - Hazardous landfill approx.0.8m tonnes p.a.(2)
  - Gov't support for EA focus on waste crime supports compliant operators
  - Augean retains approx. 50% of UK's potential hazardous void space

- Radioactives
  - VLLW & LALLW from all nuclear installations; up to 6,000 tonnes p.a. available (3)
  - NORM from offshore decommissioning; up to 1,500 tonnes p.a. available (4)
  - NDA disposal routes growing with regular movements of waste to disposal sites
  - Augean well established with good service reputation

Principal Augean waste markets…contd

- APCR (ash from Energy from Waste facilities)
  - Traded market estimated at 200,000 tonnes per annum (Augean 40% market share)
  - Expected to double over next 3 years (5)
  - Change to regulatory standards relating to landfill disposal expected in 2016
  - Augean continues to bid for and secure new volumes as EfW plants activate

- Offshore
  - £14bn investment in North Sea oil & gas during 2013
  - Drill cuttings volumes stable; approx. 36,000 tonnes (6)
  - Slops volumes rising; approx. 50,000 tonnes p.a. (6)
  - Emerging offshore decommissioning market
  - Augean building track-record managing offshore and onshore wastes

- Augean's infrastructure well aligned with the hazardous waste National Policy Statement (issued June 2013)

- Regulation prioritises movement of waste up the Waste Hierarchy

Sources:
(1) Environment Agency
(2) ONS; 12 month comparison
(3) Company estimates
(4) Company estimates
(5) Commissioned research
(6) DECC 2013 statistics

Financial review

for the year to 31 December 2013

Group statement of comprehensive income

- ANSS driving revenue growth
- Profit improvement from continuing
- Impact of WN closure

	Before exceptional items 2013 £'000	Exceptional items 2013 £'000	Total 2013 £'000
Continuing operations			
Revenue	**43,488**	**—**	**43,488**
Operating expenses	**(38,370)**	**(227)**	**(38,597)**
Operating profit	**5,118**	**(227)**	**4,891**
Net finance charges	**(674)**	—	**(674)**
Gain on bargain purchase	**—**	**—**	**—**
Share of loss of jointly controlled entity	**(13)**	**—**	**(13)**
Profit before tax	**4,431**	**(227)**	**4,204**
Tax	**(1,040)**	**63**	**(977)**
Profit from continuing operations	**3,391**	**(164)**	**3,227**
Discontinued operations			
Loss from discontinued operations	(911)	(3,995)	(4,906)
(Loss) / Profit for the year and total comprehensive income	**2,480**	**(4,159)**	**(1,679)**

Statement of financial position

- Goodwill w/off
- WN sale proceeds
- Capping liability falls

	2013 £'000	2012 £'000
Non-current assets		
Goodwill	**19,602**	21,705
Property, plant and equipment	**40,192**	39,561
Others	**1,346**	1,362
	61,140	62,628
Current assets		
Inventories	**296**	218
Trade and other receivables	**9,806**	8,868
Cash and cash equivalents	**542**	5
	10,643	9,091
Non-current assets classified as held for sale	1,200	—
	11,843	9,091
Current liabilities		
Trade and other payables	**(9,030)**	(8,279)
Current tax liabilities	**(345)**	(197)
Financial liabilities	**(114)**	(837)
	(9,489)	(9,313)
Net current Assets / (Liabilities)	**2,327**	(222)
Non-current liabilities		
Financial liabilities	**(8,919)**	(5,283)
Provisions	**(6,622)**	(7,045)
	(15,541)	(12,328)
Net assets	**47,954**	50,078

Statement of cash flows

- Investments
- Use of debt

	2013 £'000	2012 £'000
Operating activities		
Cash generated from/(used in) operations	**5,862**	5,818
Finance charges paid	**(629)**	(479)
Tax paid / (refunded)	**(316)**	(744)
Net cash generated from/(used in) operating activities	**4,917**	4,595
Investing activities		
Proceeds on disposal of property, plant and equipment	—	—
Purchases of property, plant and equipment	**(6,898)**	(3,585)
Purchases of intangible assets	**(146)**	(114)
Purchase of businesses (net of cash and cash equivalents acquired)	**—**	(2,043)
Net cash used in investing activities	**(7,044)**	(5,742)
Net cash generated from financing activities	**2,664**	1,148
Net increase in cash and cash equivalents	**537**	1
Cash and cash equivalents at beginning of period	**5**	4
Cash and cash equivalents at end of period	**542**	5

Financial ratios

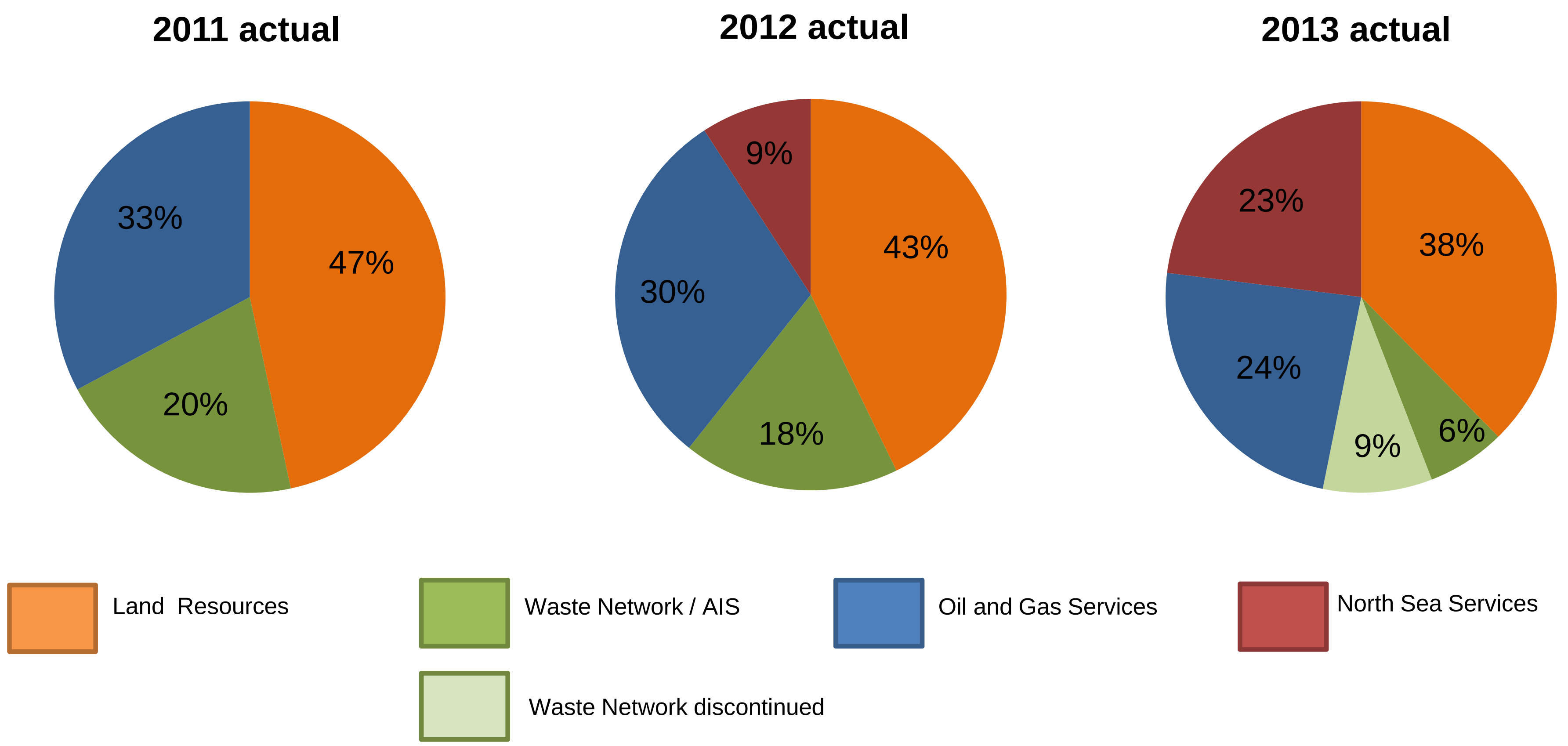
	FY 2013 £'000	FY 2012 £'000
Net debt	**(8,491)**	(6,116)
Cash interest	**(518)**	(479)
EBITDA	**6,220**	6,255
Net operating cash flow	**4,917**	4,595
Capital investment	**(6,286)**	(3,751)
Net assets / Equity	**47,158**	48,959
Free Cash Flow*	**(1,641)**	674
Net debt / equity (%)	**18%**	13%
ROCE (continuing ops %)	**11%**	9%
Rolling 12 month covenants (HSBC):		
Net debt/EBITDA (Covenant target <2.5x)	**1.3x**	1.0x
EBIT/cash interest (Covenant target >2.0x)	**12.3x**	13.6x

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

Operational review

for the year to 31 December 2013

Evolution of Group revenues



Rebalancing the Group away from dependence on lower margin and traditional landfill disposal activities

Divisional performance 2013 vs 2012

	Land Resources		Waste Network Discontinued	Waste Network Continuing		Oil & Gas Services		ANSS	
£'000	**2013**	**2012**	**2013**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Revenue									
Hazardous landfill activities	8,495	10,433	—	—	—	—	—	—	—
Non-hazardous landfill activities	1,063	1,251	—	—	—	—	—	—	—
Waste treatment activities	—	—	—	1,463	1,136	12,574	12,389	—	—
Energy generation	128	129	—	—	—	—	—	—	—
APCR management	5,425	4,002	—	—	—	—	—	—	—
Low Level Waste management	1,625	571	—	—	—	—	—	—	—
Processing of offshore waste	—	—	—	—	—	—	—	5,179	1,964
Rental of offshore equipment and personnel	—	—	—	—	—	—	—	3,719	1,272
Waste transfer activities	—	—	3,982	1,147	6,180	—	—	452	140
Total revenue net of landfill tax	**16,736**	**16,386**	**3,982**	**2,610**	**7,316**	**12,574**	**12,389**	**9,350**	**3,376**
Landfill tax	6,849	5,661	—	—	—	—	—	—	—
Total revenue including inter-segment sales	**23,585**	**22,047**	**3,982**	**2,610**	**7,316**	**12,574**	**12,389**	**9,350**	**3,376**
Inter-segment sales	(1,574)	(656)	(346)	—	(732)	(2,981)	(1,309)	(77)	(10)
Revenue	**22,011**	**21,391**	**3,636**	**2,610**	**6,584**	**9,593**	**11,080**	**9,273**	**3,366**
Result									
Operating profit/(loss) before exceptional items	**7,090**	**6,705**	**(1,259)**	**(1,117)**	**(1,834)**	**(993)**	**(1,235)**	**682**	**47**
Exceptional items	(25)	(40)	(4,043)	(25)	(131)	(151)	(38)	(25)	(161)
Operating profit/(loss)	**7,065**	**6,665**	**(5,302)**	**(1,142)**	**(1,965)**	**(1,144)**	**(1,273)**	**657**	**(114)**

Key Performance Indicators 2013 vs 2012

	2013	2012	% change
Land Resources	Volumes to landfill (tonnes)		
Hazardous	143,835	189,936	(24)%
APCR	85,957	58,407	47%
Radioactives	4,441	2,107	111%
Non-hazardous	61,239	69,942	(12)%
Total	**295,472**	**320,392**	(8)%
ANSS	North Sea waste handled (tonnes)		
Drill cuttings	16,057	4,673	244%
Slops	13,600	4,666	191%
Total	29,657	9,339	211%
Oil & Gas Services	Asset performance		
Oil recovered	2,040 k litres	1,500k litres	36%
Site utilisation	70%	52%	135%

Changing mix towards higher margin activities requiring assets and expertise

Growth across all activities

Improving throughputs and consistency

Divisional performance

Land Resources – mix changing towards higher margin activities

- Comparative includes very strong soils market in Q1 2012
- Limited growth in hazardous landfill market, but prices sustained
- Radioactives disposal delivered £1.6m, an increase of £1.0m
- Ash volumes grew to 86,000 tonnes, a 47% increase from 2012
- Contributions from minerals extraction and energy generation of £0.3m
- New investment in landfill cells, soil and APCR treatment capabilities
- Planning permissions extended until 2026 (ENRMF) and 2028 (Thornhaugh)

Augean North Sea Services – growth and investment

- Sales revenues grew to £9.3m in the first full year of trading
- New contracts secured for offshore waste management (ADTI, Shell & GDF)
- Grew onshore activities in marine industrial services and hazardous waste
- Investment in two new Aberdeen sites and waste treatment capabilities
- Increase in Augean’s equity shareholding to 81% following debt/equity swap

Divisional performance

Oil & Gas Services – improving contributions

- Revenues stable in competitive markets
- Reduction to operating losses and small positive EBITDA
- Strong integration and inter-segment sales with ANSS
- North Sea supply chain strengthened; investment in plant and storage facilities
- Cost reduction initiatives feeding through at operating sites
- Opportunities for further margin enhancement using new waste disposal routes

East Kent HTI – underperformance now resolved

- New customers secured in clinical and pharmaceutical wastes
- Downtime during Q2 caused by failure of incinerator feed systems; significant upgrade works during Q3
- Throughput restrictions led to £0.9m operating loss
- Participation in OPCW Syrian tender raised profile and gained credibility
- Q1 2014 performance in line with plan; remains a key asset for the Group

Strategic update

Vision & Goals

Vision

To grow profitably by being trusted by Tier 1 customers to deliver specialist services focused on hazardous waste

Goals

Increase shareholder value

- Profitable revenue growth from added services and further margin growth from operational efficiencies
- Corporate investments that accelerate the strategy

Develop sustainable market positions

- Focus on attractive markets for specialist waste
- Key expertise and assets, including treatment technologies, that differentiate our service and build entry barriers
- Strong reputation, long-term Tier 1 contracts and relationships

Grow through client-focused solutions

- Targeting the critical but non-core needs of clients requiring hazardous waste management
- Understanding the client's need, then developing the solution
- Supporting the solution with integrated service and management capabilities – selling and delivering one complete Augean capability

Vision – What will remain and what will be different

Current activities

Not here
- Municipal, domestic waste
- Broker

Leave
- Dependence on broker trade
- Lower margin value-destroying activities
- National coverage of transfer stations

Remain
- Hazardous waste experts, with regulatory know-how
- Entry barriers from development of specialised assets, technology, permits and know how
- Strong reputation with customers and partners

Future activities

Develop
- Tier 1 customer relationships, offering a complete service
- Referenceability as Haz Waste + service 'integrator' in key sectors
- Broader array of North Sea services
- Radioactive waste focus

Not here
- Unproven technology
- International (yet)

Strategy & plan for getting there

- Sector focus
- Customer solutions
- 'One Augean' integrated offer
- Reduced end-to-end costs
- Partial re-organisation
- Priority objectives & projects

Augean PLC

Markets and the synergies that support them

Our divisions are developing market focus while also working together to deliver a unique 'One Augean' offer:

Augean — *Parent*

Division

North Sea Services
- Oil & Gas
- North Sea support services
- North Sea decommissioning

Radioactive Waste Services
- Nuclear Energy
- Oil & Gas waste intermediaries
- Medical scanning & radiotherapy

Integrated Services
- High value manufacturing
- Life sciences
- Clinical

Energy & Construction
- Energy from waste
- Construction & demolition

Industry & Infrastructure
- Ports
- Refineries & chemicals
- Waste management operators

Markets
(Haz waste)

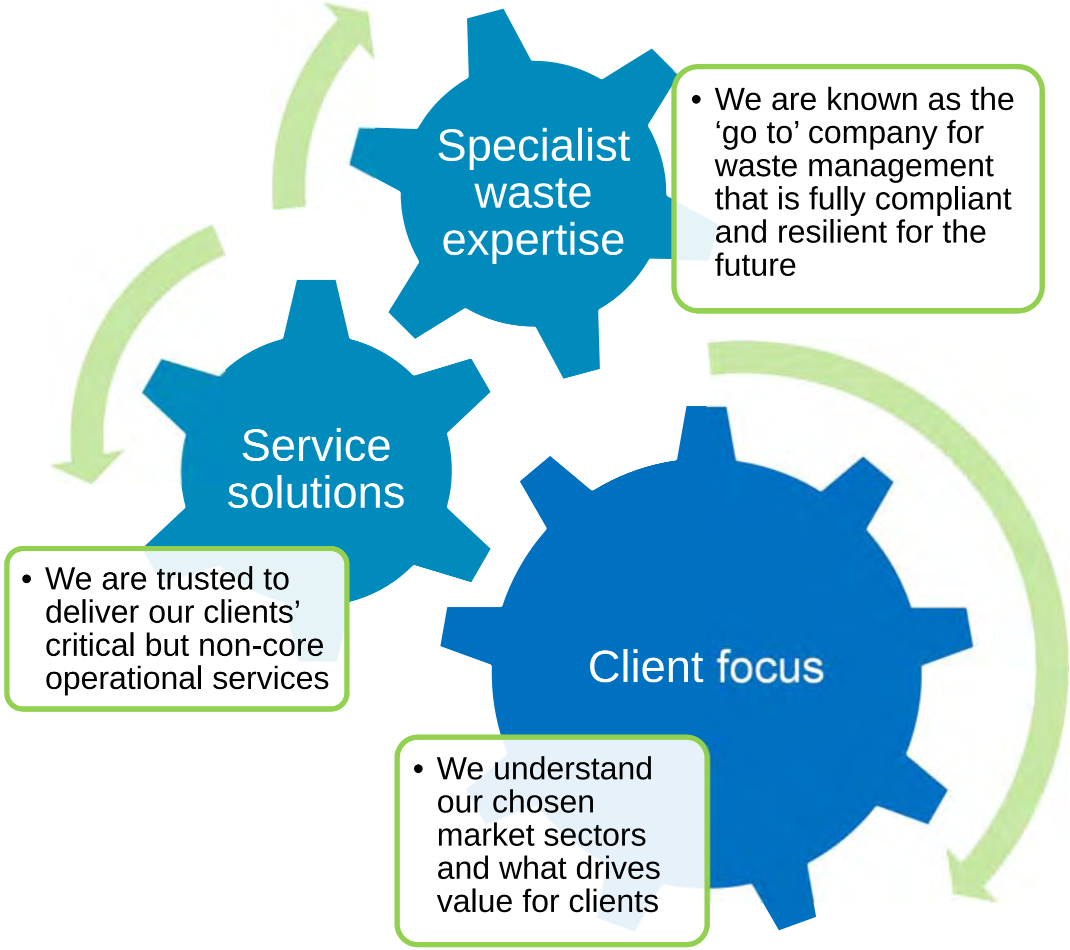
Synergies
(One integrated Augean)

Division priorities

Division	Priorities / goals
North Sea Services	• Leverage the integrated internal routes for wastes • Round-out service offering to Tier 1 customers • Service clients across all North Sea markets • Position waste services for North Sea decommissioning
Radioactive Waste Services	• Retain share by anticipating market developments • Disposal technologies/routes for all LLW • Secure the NORM value chain • Client-site services providing complete solutions
Integrated Services	• Growth by consultative selling to Tier 1 customers • Integrating Group capabilities to provide solutions • Providing support services, where invited
Energy & Construction	• Retain share by adapting to customer and regulatory needs • Sustainable solutions for Energy from Waste sector
Industry & Infrastructure	• Growth through cost reduction • Resource recovery for internal waste streams • Industrial Services strategy
All divisions	• Customer advocacy • Cost management • Leveraging group synergies

Our business model

develop sustainable market positions to increase shareholder value



Growth in profit	Growing profitable business	Improving margins
Growth in asset base	Investments returning >15% IRR	Retained profit
Growth in returns	Increasing trading cashflow	Appropriate funding model

Outlook



Outlook

- Well positioned in key waste markets:
  - Hazardous waste treatment & disposal
  - APCR management
  - LLW & NORM disposal
  - North Sea oil & gas waste management
- New strategy builds on:
  - Service-led solutions for customers
  - Leveraging Group capabilities
  - Focus on higher margin activities
- Reduction to overhead costs
- Expecting growth in EBITDA, operating profit and cash flows
- Enhanced capital investment to continue, delivering growth opportunities

specialist services

focused on managing hazardous wastes