



Specialist services focused on
managing hazardous wastes



Interim Results

for the six months to 30 June 2014

September 2014

Presented by:

Dr Stewart Davies, Chief Executive Officer
Richard Laker, Group Finance Director

- Headlines
- Highlights for H1 2014
- Market update
- Financial review
- Operational review
- Strategic update
- Outlook



Market Sectors



Specialist services focused on managing hazardous wastes



ENERGY & CONSTRUCTION

- ▶ Energy from Waste
- ▶ Construction & Demolition

Waste treatment & disposal solutions



INDUSTRY & INFRASTRUCTURE

- ▶ Refineries & Chemicals
- ▶ Ports
- ▶ Waste management operators

Recovery of resources from wastes



NORTH SEA SERVICES

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

Complete waste services for North Sea



INTEGRATED SERVICES

- ▶ High Value Manufacturing
- ▶ Life Sciences
- ▶ Clinical

Integrated solutions for waste-producing clients



RADIOACTIVE WASTE SERVICES

- ▶ Nuclear Energy
- ▶ Oil & Gas waste Intermediaries
- ▶ Medical scanning & radiotherapy

Specialist treatment & disposal

Sites & Services



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ENERGY & CONSTRUCTION

- ENRMF, Port Clarence, Thornhaugh
- Soil treatment
- EFW Ash stabilisation
- Hazardous Waste disposal
- Energy & mineral resources

Waste treatment & disposal solutions



INDUSTRY & INFRASTRUCTURE

- Avonmouth, East Kent, Paisley, Port Clarence WaRP
- Industrial wastewater treatment
- Industrial services
- Thermal recovery
- Secondary Fuels production

Recovery of resources from wastes



NORTH SEA SERVICES

- Aberdeen (x4) Lerwick
- Drilling waste management
- Water treatment
- Marine services
- Hazardous waste management
- Industrial services

Complete waste services for North Sea



INTEGRATED SERVICES

- Cannock, East Kent
- Client solutions
- Hazardous waste management
- Support services
- High temperature incineration

Integrated solutions for waste-producing clients



RADIOACTIVE WASTE SERVICES

- ENRMF, East Kent, Port Clarence
- Stabilisation
- Thermal treatment
- Secure disposal
- Client site services

Specialist treatment & disposal

- The Group continues to trade overall in line with management expectations for the full year
- Growth in Revenue and Profit Before Tax
- Continuing improving trend in ROCE
- Strong performance in Radioactive Waste Services and Energy & Construction
- Augean North Sea Services back on track
- AIS behind due to delays in securing East Kent contracted work
- Improving profitability in the Industry & Infrastructure division

HIGHLIGHTS

FOR THE SIX MONTHS TO 30 JUNE 2014



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ENERGY &
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RADIOACTIVE
WASTE SERVICES

- Revenue
 - Including landfill tax; increase of 7% to £24.9m (2013: £23.4m)
 - Excluding landfill tax; increase of 12% to £21.9m (2013: £19.6m)
- Profit
 - Adjusted PBT increase of 121% to £2.2m (2013: £1.0m)
 - EBITDA 101% increase to £4.4m;
 - EBITDA margin increased to 18.5% (2013: 12.7%)
- ROCE
 - Return on capital employed from continuing operations increased to 10.1%, from 8.3%
- Earnings per share
 - Total 1.49p (2013: 0.55p)
- Cash flow
 - From operations £1.9m (2013: £3.8m); free cash flow £0.3m (2013: £0.7m)
- Net debt
 - £8.9m (2013 Full Year: £8.5m)
 - Net debt to EBITDA 1.1x (2013 Full Year: 1.3x); Gearing at 18% (2013 Full Year: 18%)

Energy & Construction:

- Landfill volumes grew by 8% over H1 2013

Radioactive Waste Services:

- Increased sales revenues from radioactive waste disposal
- Total of 2,453 tonnes received

Industry & Infrastructure:

- Divisional performance improved from 2013

North Sea Services:

- Recovered following impact of poor sea conditions in Q1

Integrated Services:

- AIS grew revenues ahead of plan
- East Kent shortfall in contracted sales

- Sale of Waste Networks completed
- New market-focused Divisions fully in place
- Radioactive Waste Services won place on LLWR Treatment framework
- East Kent acquisition
- 2013 investments in E&C's treatment facilities enabling higher activity
- Integrated Services key TWM contract win
- Re-focused Business Planning & Development function

MARKET UPDATE



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RADIOACTIVE
WASTE SERVICES

- UK hazardous waste
 - Remained steady and competitive; opportunities exist in specialist areas
- UK land remediation
 - Small projects more active, no large high profile projects
 - Market requires wide range of treatment and disposal options
- APCR
 - Further strong growth over next 3 years as investment in new Energy from Waste incinerators continues
- Radioactives
 - LLW landfill supply chain well established
 - New treatment framework awarded
- North Sea oil & gas
 - Development drilling activity in the North Sea remains stable

FINANCIAL REVIEW

FOR THE SIX MONTHS TO 30 JUNE 2014



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RADIOACTIVE
WASTE SERVICES

	Six months ended June 2014 £000	Six months ended June 2013 £000	Change %
Continuing operations			
Revenue	24,729	21,002	18%
Operating expenses	(21,987)	(19,159)	
Operating profit before exceptional items	2,742	1,843	49%
Exceptional items	(201)	(106)	
Operating profit	2,541	1,737	46%
Finance charges	(374)	(259)	
Share of result of jointly controlled entity	(7)	(10)	
Profit before tax	2,160	1,468	47%
Profit before tax and exceptional items	2,361	1,574	50%
Profit before tax from continuing and discontinued operations	1,943	901	116%

	Six months ended June 2014 £000	Six months ended June 2013 £000	Change £000
Cash generated from operations	2,584	4,124	(1,540)
Finance charges paid	(352)	(165)	(187)
Tax paid	(337)	(197)	(140)
Net operating cash flows	1,895	3,762	(1,867)
Disposal of business	1,163	-	1,163
Purchases of property, plant and equipment	(3,160)	(3,087)	(73)
Purchases of intangible assets	(7)	-	(7)
Payments for equity in non-controlling interest	-	(312)	312
Net investing cash flows	(2,004)	(3,399)	1,395
Dividends paid	(349)	(249)	(100)
Total change in net debt	(458)	114	(572)
Opening net debt	(8,491)	(6,115)	
Closing net debt	(8,949)	(6,001)	

	Six months ended June 2014	Six months ended June 2013	Change
	£000	£000	£000
EBITDA	4,359	2,165	2,194
Tax/interest	(689)	(362)	(327)
East Kent VAT	(380)	-	(380)
Working capital: customers	(2,047)	(66)	(1,981)
Working capital: suppliers	607	1,701	(1,094)
Other	45	324	(279)
Net operating cash flow	1,895	3,762	(1,867)

	Six months ended June 2014 £000	Six months ended June 2013 £000
Total capital investment	(2,004)	(3,399)
Exclude acquisitions	1,554	312
Exclude disposals	(1,163)	-
	(1,613)	(3,087)
Net operating cash flows	1,895	3,762
Free cash flow	282	675

	30 June 2014 £000	31 Dec 2013 £000	Change £000
Goodwill and intangible assets	19,754	19,800	(46)
Property, plant and equipment	42,091	40,192	1,899
Other non-current assets	1,147	1,148	(1)
Total non-current assets	62,992	61,140	1,852
Net current assets (excluding cash and short term debt)	1,902	727	1,175
Waste Networks assets held for sale	-	1,200	(1,200)
Net debt	(8,949)	(8,491)	(458)
Provisions	(6,704)	(6,622)	(82)
Net assets	49,241	47,954	1,287
Gearing	18%	18%	

	Six months ended June 2014 £000	Six months ended June 2013 £000	Year ended December 2013 £000
<i>During the period:</i>			
Return on capital employed	10.1%	8.3%	9.1%
EBITDA	4,359	2,165	6,220
EBITDA margin	18.5%	12.7%	17.2%
Net operating cash flows	1,895	3,762	4,917
Capital investment	1,613	3,087	6,898
Free cash flow	282	675	(1,308)
<i>Closing debt levels:</i>			
Closing net debt	8,949	6,001	8,491
Gearing (net debt/equity)	18%	13%	18%
<i>Rolling 12 month bank covenants:</i>			
Net debt/EBITDA (target < 2.5x)	1.1x	1.1x	1.3x
EBIT/interest charge (target >2.0x)	12.5x	12.3x	12.3x

OPERATIONAL REVIEW

FOR THE SIX MONTHS TO 30 JUNE 2014



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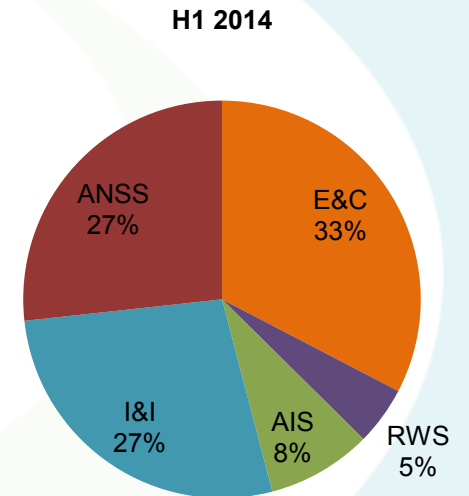
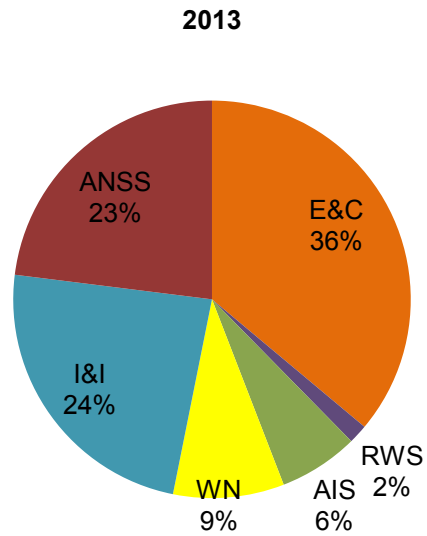
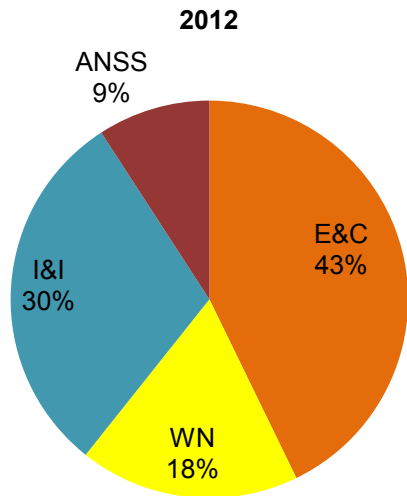
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RADIOACTIVE
WASTE SERVICES

Divisional contributions to Group revenues



Revenue net of landfill tax and inter segment trading

	Energy and Construction 2014 £'000	Radioactive Waste Services 2014 £'000	Land Resources 2013 £'000	Integrated Services 2014 £'000	Waste Networks Continuing 2013 £'000
Revenue					
Hazardous landfill activities	4,426	-	4,351	-	-
Non-hazardous landfill activities	210	-	616	-	-
Waste treatment activities	-	-	-	1,060	701
Energy generation	53	-	62	-	-
APCR management	3,107	-	2,467	-	-
Radioactive waste management	-	1,033	628	-	-
Processing of offshore waste	-	-	-	-	-
Rental offshore equipment & personnel	-	-	-	-	-
Waste management and transfer activities	-	-	-	958	519
Total revenue net of landfill tax	7,796	1,033	8,124	2,018	1,220
Inter-segment sales	(722)	-	(724)	(172)	(139)
Revenue	7,074	1,033	7,400	1,846	1,081
Result					
Operating profit/(loss) before exceptional items	2,924	703	3,191	(466)	(529)
Exceptional items	(25)	(25)	(21)	(32)	(19)
Operating profit/(loss)	2,899	678	3,170	(498)	(548)

	Waste Network discontinued 2014 £'000	Waste Network discontinued 2013 £'000	Industry and Infrastructure 2014 £'000	Industry and Infrastructure 2013 £'000	North Sea Services 2014 £'000	North Sea Services 2013 £'000
Revenue						
Hazardous landfill activities	-	-	-	-	-	-
Non-hazardous landfill activities	-	-	-	-	-	-
Waste treatment activities	-	-	6,944	6,287	-	-
Energy generation	-	-	-	-	-	-
APCR management	-	-	-	-	-	-
Radioactive waste management	-	-	-	-	-	-
Processing of offshore waste	-	-	-	-	2,185	2,662
Rental offshore equipment & personnel	-	-	-	-	3,366	1,345
Waste management and transfer activities	219	2,432	-	-	309	230
Total revenue net of landfill tax	219	2,432	6,944	6,287	5,860	4,237
Inter-segment sales	(8)	(77)	(1,015)	(1,737)	(67)	(28)
Revenue	211	2,355	5,929	4,550	5,793	4,209
Result						
Operating (loss)/profit before exceptional items	(118)	(560)	(515)	(590)	302	234
Exceptional items	-	(7)	(94)	(47)	(25)	(19)
Operating (loss)/profit	(118)	(567)	(609)	(637)	277	215

Energy & Construction – mix changing towards higher margin activities

- Volumes growing from H1 2013
- APCR volumes grew by 17% from H1 2013 facilitated by investment during 2013 in site facilities
- Investment continuing, including £0.5m to enhance APCR facilities
- Management's initial expectations for 2014 are likely to be exceeded

Radioactive Waste Services – further progress

- Increase in volumes disposed
- Majority of waste received under NDA framework
- Strategy to move up supply chain
- Initial management expectation maintained

Augean Integrated Services – strong growth potential

- Growth in total revenues and improvement in profitability
- New Total Waste Management contracts secured in high value manufacturing
- Solids handling overhaul in 2013 at East Kent has improved stability
- Delays in securing new contracted waste streams for East Kent
- Behind operating profit plan although encouraging progress being made

£'000	2014	2013
AIS Cannock	(8)	(53)
East Kent	(458)	(476)
Total AIS	(466)	(529)

Augean North Sea Services – delivering growth strategy

- Slow Q1 due to prolonged period of poor sea conditions
- Maintaining incumbency on drilling rigs
- Expanding in hazardous waste management
- External revenues growth of £1.6m over 2013 to £5.8m
- £0.4m capital investment
- Back on track for delivering management expectation for full year

Industry & Infrastructure – working towards higher margins

- Impacted by North Sea slow Q1 reducing volumes of drill cuttings
- Improving performance at processing sites
- Year on year improvement in external revenue to £5.9m from £4.6m
- Despite delays confident of improved profitability for 2014

STRATEGIC UPDATE



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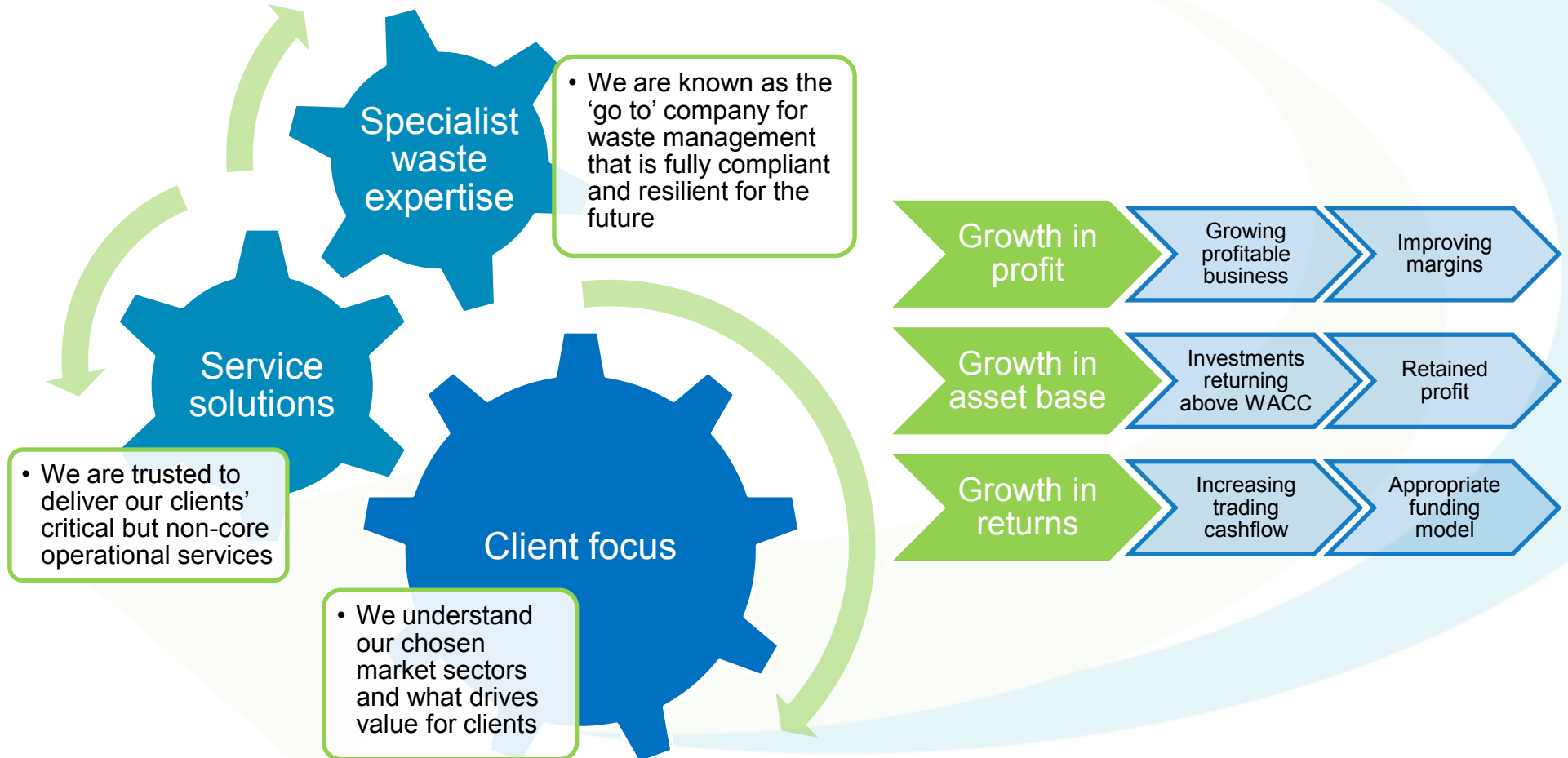
RADIOACTIVE
WASTE SERVICES

- Enhancing market focus through new organisation thereby generating more quality opportunities
- Investing in business development to support organic growth
- Offering ‘one Augean’ solutions, including our HTI capacity, is winning new clients
- Expanding sales pipeline through added-value services
- Building capability to increase service offerings – potential for acceleration through acquisition

develop sustainable market positions

to

grow shareholder value



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OUTLOOK



Specialist services focused on managing hazardous wastes

NORTH SEA
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RADIOACTIVE
WASTE SERVICES

- Strong performance in the Energy & Construction division, anticipated to continue ahead of initial management expectations.
- Radioactive Waste Services division expected to normalise after exceptionally strong first half
- Improvements seen in Augean Integrated Services, making progress at East Kent
- ANSS recovered from slow first quarter
- Continuing improvement in profitability at Industry & Infrastructure
- The Group continues to trade overall in line with management expectations for the full year



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