

# 2009 Annual General Meeting

## *Managing Director's Address*

October 2009

*Steve Gostlow*



# Agenda

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# Capital Structure



ASX CODE – TOX		
Shares on issue	79,157,091	
Unlisted employee options	3,843,000	
No. of shareholders	2,616	
Market Capitalisation	\$210 m* <small>*as at 27<sup>th</sup> October 2009</small>	
Substantial shareholders	Fisher Funds Management Ltd	7.1%
	Australian Foundation Investment Co	6.6%
	Perennial Investment Partners	6.0%
	Board & Management	7.0%

# Vision Statement

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*“To be the leading provider of innovative and sustainable waste management and industrial services, delivering value for clients, wealth for shareholders and opportunity for employees”*

# Company Profile

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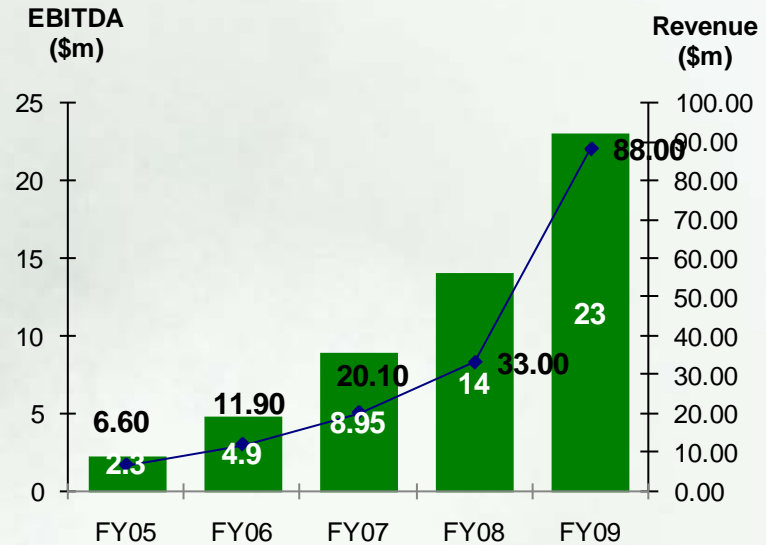
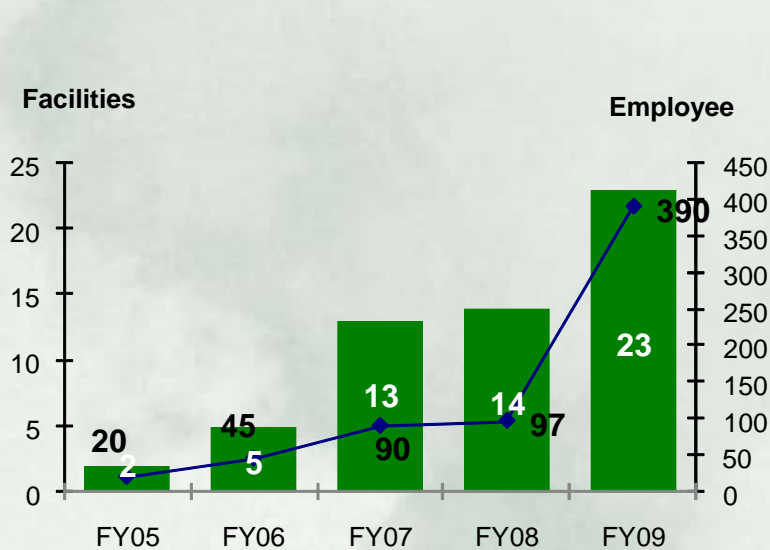


- One of the largest integrated industrial service and waste management businesses in Australia
- Expertise in industrial waste management, total waste management solutions and industrial services
- Diversified services and client base
- Unique licenses and specialist technologies
- Competitive advantage
- Innovative and sustainable industrial and waste management practices

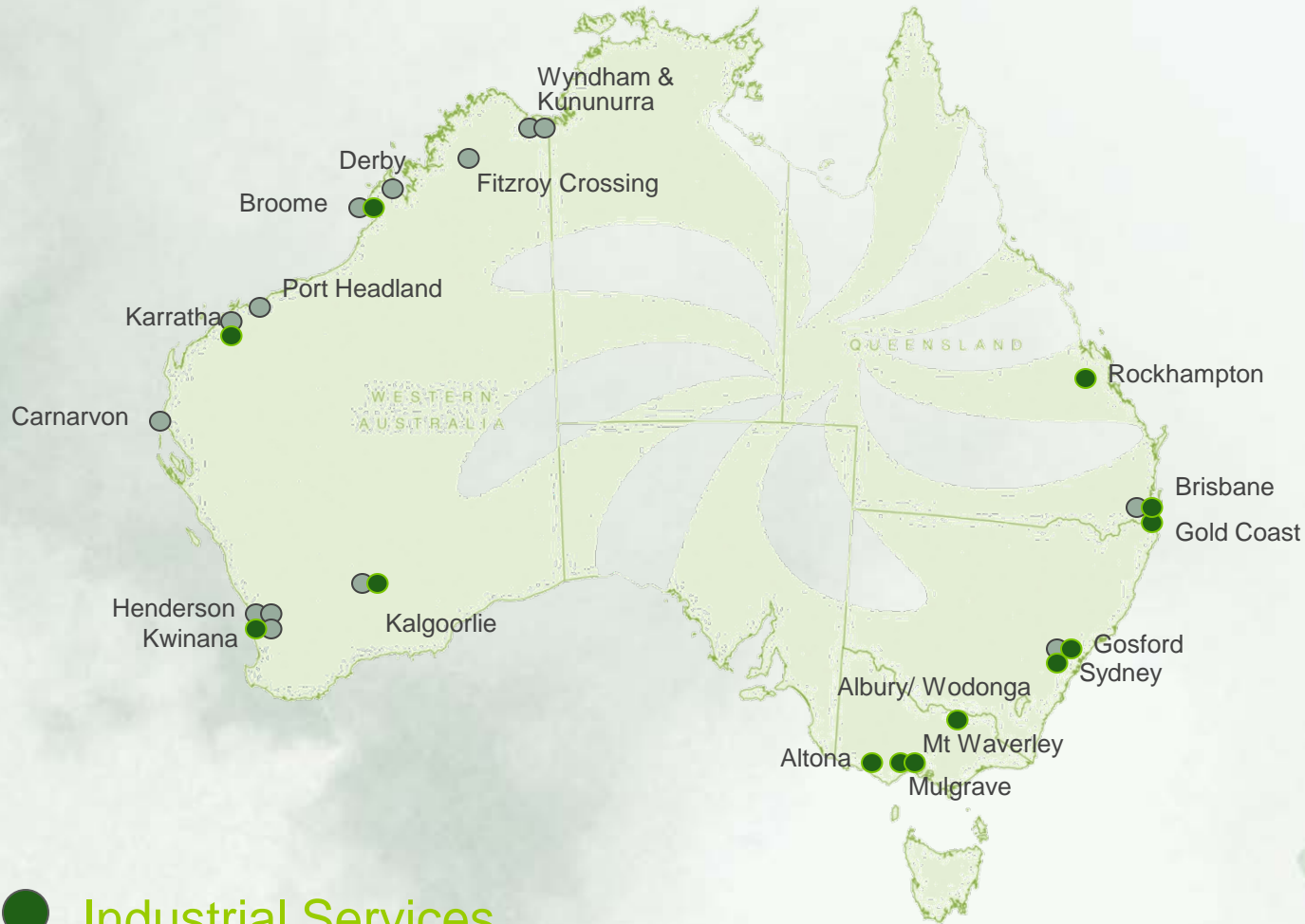
# Our track record



- 390 employees nationally
- National footprint – 23 sites Australia wide



# Site Locations



- Industrial Services
- Waste Management Facilities



# FY09 – Key Highlights

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- Revenue \$88 million up 162%
- EBITDA \$23 million up 63%
- NPAT \$8.2 million up 29.1%
- Harmfree – Total incident frequency rate down 44%
- Gross operating cash flow grew 71% for the Full Year 2009
- Acquisition of Barry Bros. – 15% EBIT growth from FY08 to FY09 under new management
- Integration - management of all divisions under national structure incorporating the same management systems
- Expansion of industrial services into West Australian operations – 70% growth in revenue from FY08



# FY09 – Key Highlights

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- Establishment of Pilbara Resource Recovery Centre in Karratha
- Award of Woodside Energy Total Waste Management and Industrial Service Contract
- Award of \$15 million in waste management contracts within the Kimberley region over the next 4 to 8 years
- Pilbara Resource Recovery Centre offers first solid waste recycling and liquid waste treatment service in the Pilbara
- Strong focus on return on invested capital (ROIC) – moving the target from revenue to ROIC and profit
- Development of three year corporate strategy

# FY10 first quarter - operational update

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- Liquid and hazardous waste divisions performing strongly
- Industrial services on track – delay in the commencement of new infrastructure projects in the east has softened an excellent start to the year
- New sales incentive plan implemented nationally
- Activity increasing substantially in the Pilbara
- Kimberley solid waste services performing strongly
- Mobile assets continue to move freely between all states and sites allowing market demand to be met with maximum return on capital
- Award of Toll / Gorgon LNG Barrow Island Waste Management Contract - commenced mobilisation of resources to Barrow Island
- Tendered four new total waste management and industrial service contracts – outcome pending

# Gorgon Update

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- Contract with Toll Energy signed 22 October 2009
- Contract includes the management of waste produced from the construction phase of the Gorgon LNG facility on Barrow Island
- Tox Free will collect, segregate, consolidate and package waste generated for transport from Barrow Island for recycling, treatment and disposal
- Three year contract
- Value to Tox Free expected to be ~ \$30 million in revenue
- Mobilisation of resources has commenced however further mobilisation will be staged according to construction schedule - majority of work expected in FY11 and FY12
- Capital of ~ \$8 million required through the life of project

# Strategy

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- 3 year Corporate Strategy Developed
- Acquisition and geographic expansion – Number of opportunities identified
- Focus on our core business - integrated waste management complemented by industrial services
- Target integrated waste management and industrial service contracts – focus on the mining, heavy manufacturing and oil and gas industry who have triple bottom line focus
- Continue to build and develop our service offering to the oil / gas and mining sector in the North West
- Build long term relationships with the oil / gas industry throughout Australia to take advantage of further medium to long term LNG developments throughout Australia

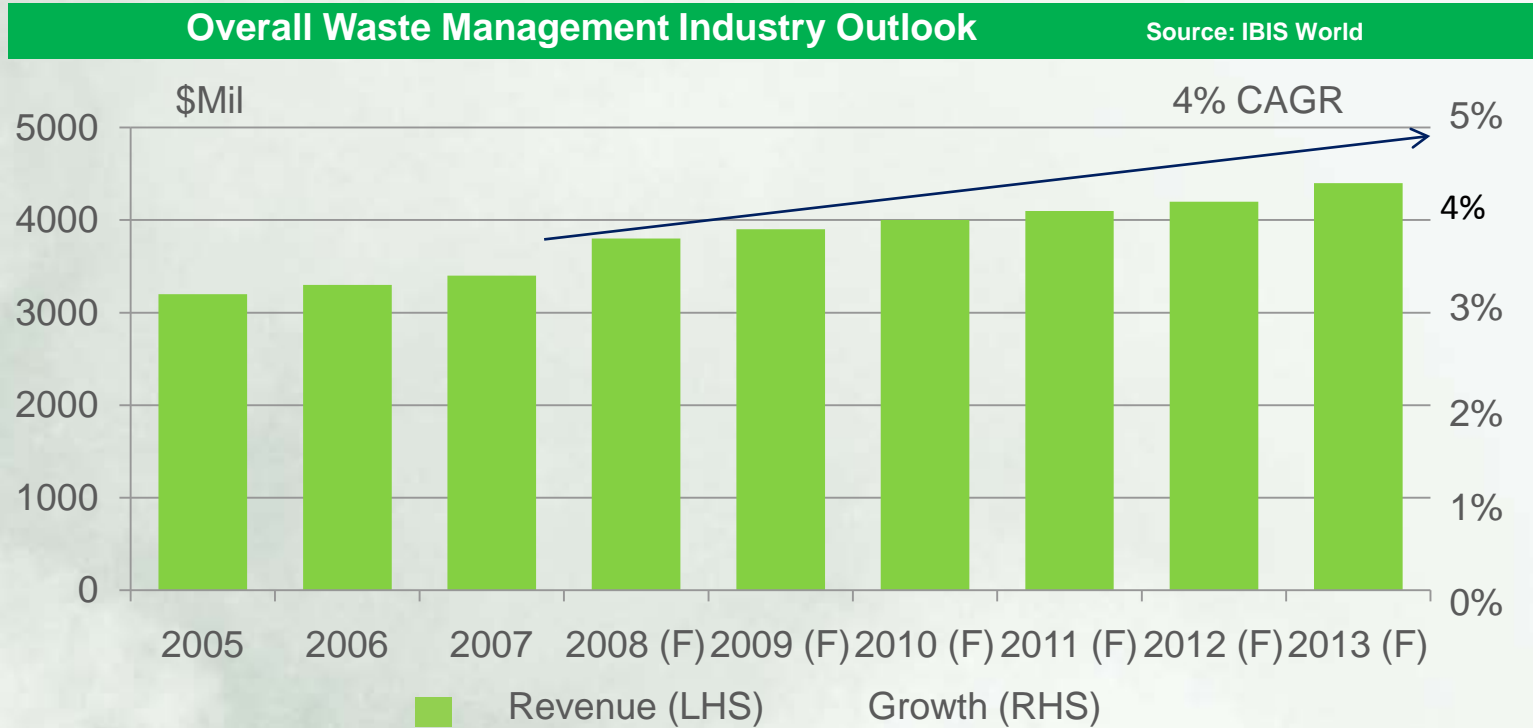
# Trading Update and Growth Outlook

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- First quarter results promising - EBIT 19% higher than pcp
- Expect earnings growth to continue in FY10 and beyond through;
  - Synergy through new national structure
  - Full year contribution from Woodside contract
  - Commencement of Toll / Gorgon LNG waste management contract
  - Award of further contracts currently being tendered
  - Acquisitions – acquiring other businesses that complement our Corporate Strategy
  - Upgrade of the NSW and Qld waste treatment facilities
  - Improve ROIC and margins within our industrial services
  - Increased market share throughout Australia together with increases in waste volumes (appendix 1)

# Appendix 1



## Notes

- 10 year annual compound growth rate has been 10.1% well above GDP of 3.6%
- Forecast to grow until at least 2013 above 4%
- Continual tightening of environmental laws and regulation will drive further growth
- Geo political pressure remains on industry to improve waste practices.
- High barriers to entry into the industry as license controls tighten
- Alternate strategies to landfill are continually sought by environmentally conscious companies and people