



Results 2011/12

Making more from waste



Disclaimer Statement

This presentation contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. These forward-looking statements are subject to risks, uncertainties and other factors which as a result could cause Shanks Group's actual future financial condition, performance and results to differ materially from the plans, goals and expectations set out in the forward-looking statements. Such statements are made only as at the date of this presentation and, except to the extent legally required, Shanks Group undertakes no obligation to revise or update such forward-looking statements.

Agenda

CEO Perspectives
& Highlights

Peter Dilnot
Group Chief Executive

Financial &
Operational Review

Chris Surch
Group Finance Director

Strategy, Markets &
Outlook

Peter Dilnot
Group Chief Executive

CEO Perspectives

- 1 Shanks has delivered another robust performance in continued tough markets
- 2 We have a clear and consistent strategy with strong underlying growth drivers
- 3 We have the ability to accelerate the execution of our strategy
- 4 We are building a more focused organisation with stronger Group culture
- 5 Macro environment remains challenging, but we are well positioned for sustained profitable growth
 - Investment programme returns
 - Management actions and synergies
 - Operational leverage from upturn

Clear strategy with increased focus on execution

Our Vision

“Leading Provider”

Defined as high market share and with clear competitive advantages

“Sustainable”

Providing effective alternatives to landfill and mass incineration

SHANKS VISION
is to be:

The
LEADING PROVIDER
of
SUSTAINABLE
WASTE MANAGEMENT SOLUTIONS
in our
TARGET MARKETS

“Waste Management Solutions”

Combining technologies to make valuable products from waste

“Target Markets”

Markets with sustainable growth drivers and potential for high recycling rates

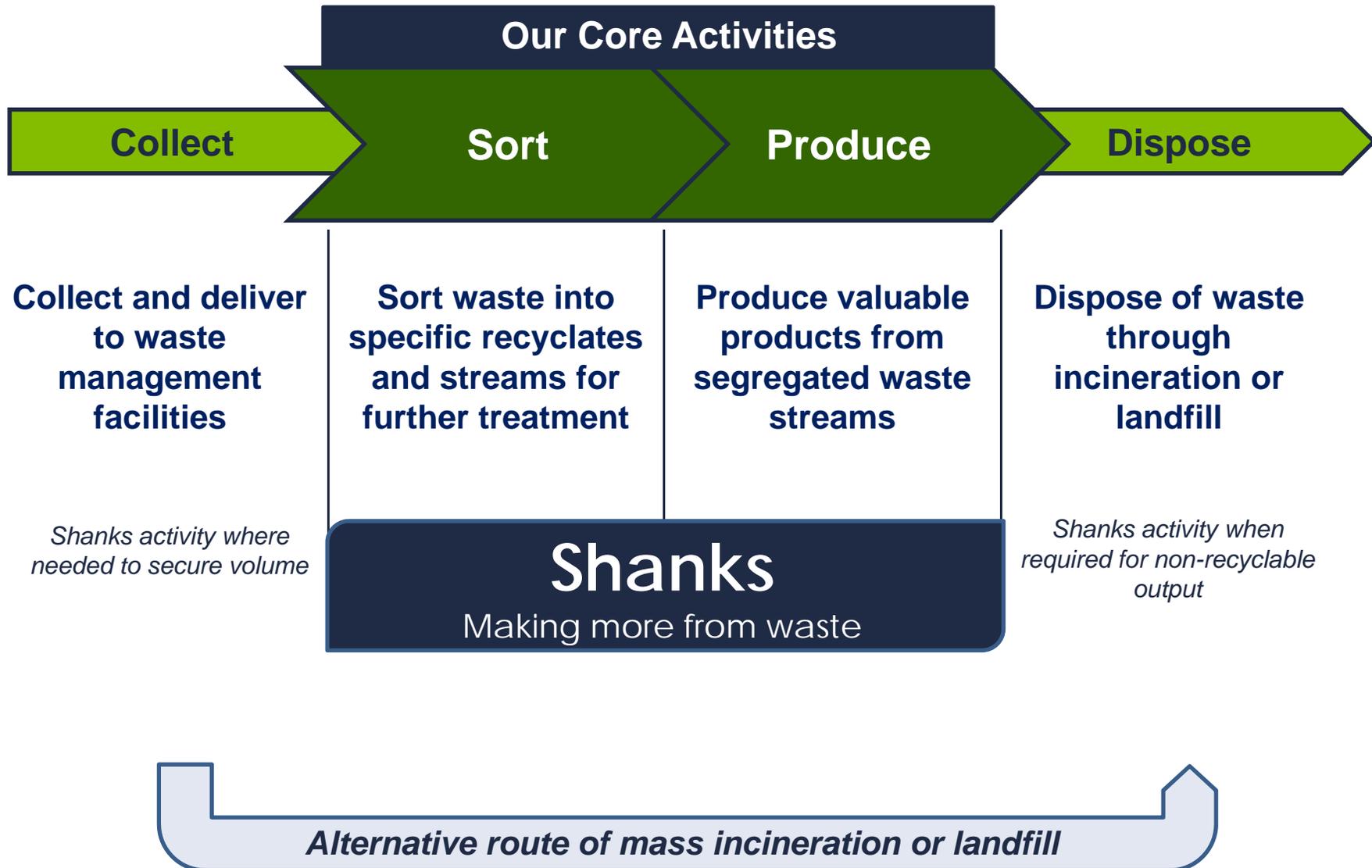
Consistent vision with more focused market reach

Our Strategy

- 1 Invest in **new sustainable opportunities** that build on our core capabilities and generate attractive returns
- 2 Deliver **outstanding operational performance** from existing businesses and investments
- 3 Develop world-class **capabilities and technologies** in a cohesive Group culture
- 4 Actively **manage Shanks' portfolio and use bolt-on acquisitions** to accelerate profitable growth

Making more from waste

Making More From Waste



2011/12 Highlights

Revenue & Profits

Good revenue growth in Organics and Dutch Haz Waste
Underlying PBT growth of 8% at constant currency

Investment Strategy

12.2% post tax return for fully up and running projects
£65m of projects in the next phase now started

Municipal Strategy

Strong PFI margins at 10% up from 6% last year
Financial close of BDR

Cash Flow & Financing

Underlying free cash flow conversion of 81%
Net debt to EBITDA ratio at 1.7x

Dividend

Dividend increased by 6% to 3.45p

Shanks

Making more from waste

Financial & Operational Review

Chris Surch

Results

£m	Year ended March 2012	Reported Change %	Excluding currency Change %
Revenue	750.1	5%	3%
EBITDA	102.4	4%	3%
<i>EBITDA margin</i>	13.7%		
Trading profit	53.4	7%	6%
<i>Trading margin</i>	7.1%		
Underlying PBT	38.8	10%	8%
Underlying EPS	7.2p	11%	9%
UFCF%	81%		
Dividend	3.45p	6%	

Shanks reports its continuing operations before discontinued operations, exceptional items, amortisation of acquisition intangibles, exceptional profit on disposals and change in fair value of derivatives. Underlying free cash flow (UFCF) is before dividends, growth capex, PFI funding, acquisitions and disposals, exceptional items and discontinued operations.

A robust performance in challenging market conditions

Income Statement

Year ended 31 March	2012	2011	Diff
	£m	£m	£m
Revenue	750.1	717.3	32.8
Trading Profit	53.4	49.7	3.7
Net finance charge – PFI	(0.7)	0.1	(0.8)
Net finance charge – core	(14.0)	(14.6)	0.6
Income from associates	0.1	-	0.1
Underlying PBT	38.8	35.2	3.6
Tax – underlying at 26% (py: 26.4%)	(10.1)	(9.3)	(0.8)
Underlying PAT	28.7	25.9	2.8
Non trading items*	(3.4)	(7.2)	3.8
Net exceptional items	1.5	3.2	(1.7)
Profit for the year	26.8	21.9	4.9

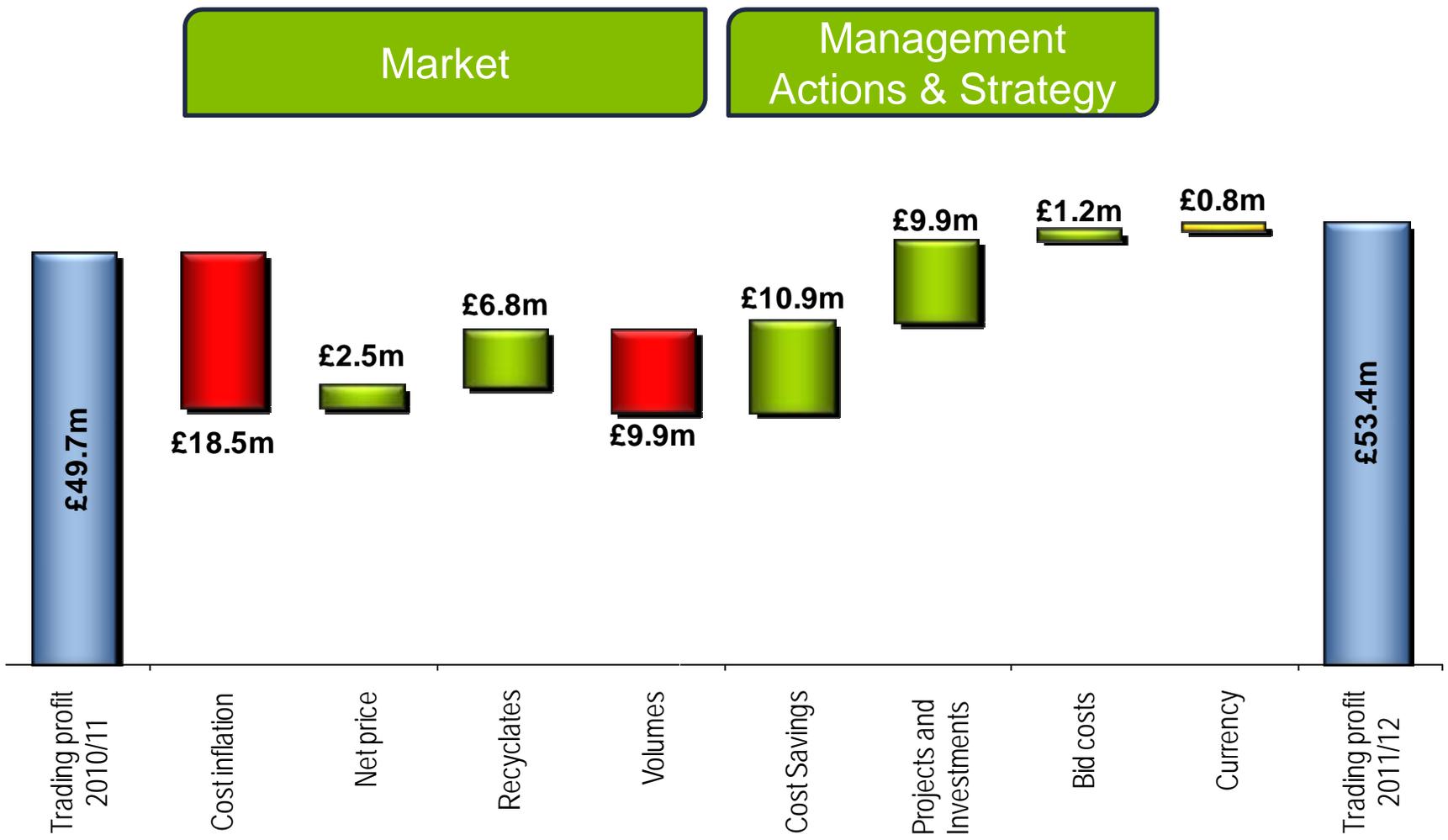
* Non trading items include amortisation of acquisition intangibles and change in fair value of derivatives

Net exceptional items

Year ended March	2012	2011
	£m	£m
Belgian JV CHP investment	(2.6)	-
Re-assessment of contingent consideration	1.4	-
Impairment – landfill	(2.5)	(7.9)
Impairment – wood markets	-	(4.0)
Profit on sale of PFI equity	-	3.7
Pension benefit changes	-	2.9
Exceptional tax releases	5.2	8.5
Post tax exceptional items	1.5	3.2

All of the above are non cash

Trading profit progression: Drivers



Average exchange rates: Euro: 1.16 (PY:1.17); Can\$: 1.58 (PY:1.56)

Markets more difficult in the second half

Shanks Netherlands: Summary

Year ended 31 March (£m)	2012	2011	Reported change	Excl Currency
Revenue	380	362	5%	3%
Trading profit	38.2	37.2	3%	1%
<i>Margin</i>	10.1%	10.2%		
<i>Return on assets</i>	17%	17%		

Trading profit	£m
2010/11	37.2
Solid Waste	(4.5)
Hazardous	4.6
Organics	0.3
Other activities	0.1
Exchange	0.5
2011/12	38.2

Solid Waste:

- Volumes: Commercial down 1%, C&D down 2%
- Pricing: Commercial down 7%, C&D down 5%
- Benefit from recyclate prices €5m

Hazardous:

- Strong volumes & pricing

Organics:

- Ramping up of the Amsterdam AD & waste water facility (Greenmills)

Haz Waste performance offsets challenging Solid Waste markets

Shanks Belgium: Summary

Year ended 31 March (£m)	2012	2011	Reported Change	Excl Currency
Revenue	172	172	0%	(2)%
Trading profit	11.0	10.8	1%	0 %
<i>Margin</i>	6.4%	6.3%		
<i>Return on assets</i>	20%	18%		

Trading profit	£m
2010/11	10.8
Solid Waste	(0.2)
Foronex	1.9
Hazardous	(0.7)
Landfill, Power and Others	(0.9)
Exchange	0.1
2011/12	11.0

Solid Waste:

- Overall volumes at sorting centres up 5%
- Pricing down 2%

Foronex:

- Significant turnaround and now delivering a profit

Hazardous:

- Lower power prices
- Green energy plant improving

Overall stable

Shanks UK: Summary

Year ended 31 March (£m)	2012	2011	Reported Change
Revenue	186	176	6%
Trading profit <small>(before bid costs)</small>	8.4	7.6	10%
<i>Margin</i>	4.5%	4.3%	
PFI Bid Costs	(1.5)	(2.6)	
<i>Return on assets</i>	20%	10%	

Trading profit	£m
2010/11	7.6
Solid Waste	0.1
UK Municipal	5.2
Organics	(0.6)
Hazardous & Others	(3.9)
2011/12	8.4

Solid Waste:

- Volumes decline, pricing up c. 2%

UK Municipal:

- Margin improvement from 6% to 10%

Organics:

- Slow ramp up & prior year on-off contract

Hazardous & Others:

- One-off contract in the prior year
- Organisation changes

Strong performance in Municipal

PFI Directors' Valuation

- Portfolio valuation includes the four operating contracts, BDR and the two contracts at preferred bidder
- Valuation based on the cash flows of the financial vehicles and the operating contracts - discounted at 8%
- No change in the year – valuation at £80m

Shanks Canada: Summary

Year ended 31 March (£m)	2012	2011	Reported Change	Excl Currency
Revenue	15	10	43%	43%
Trading profit	3.9	1.3	>100%	>100%
<i>Margin</i>	25.7%	12.1%		
<i>Return on assets</i>	12%	4%		

- The London Ontario plant now operating at normal levels
- Ottawa plant continued to perform satisfactorily

Margins now back on track

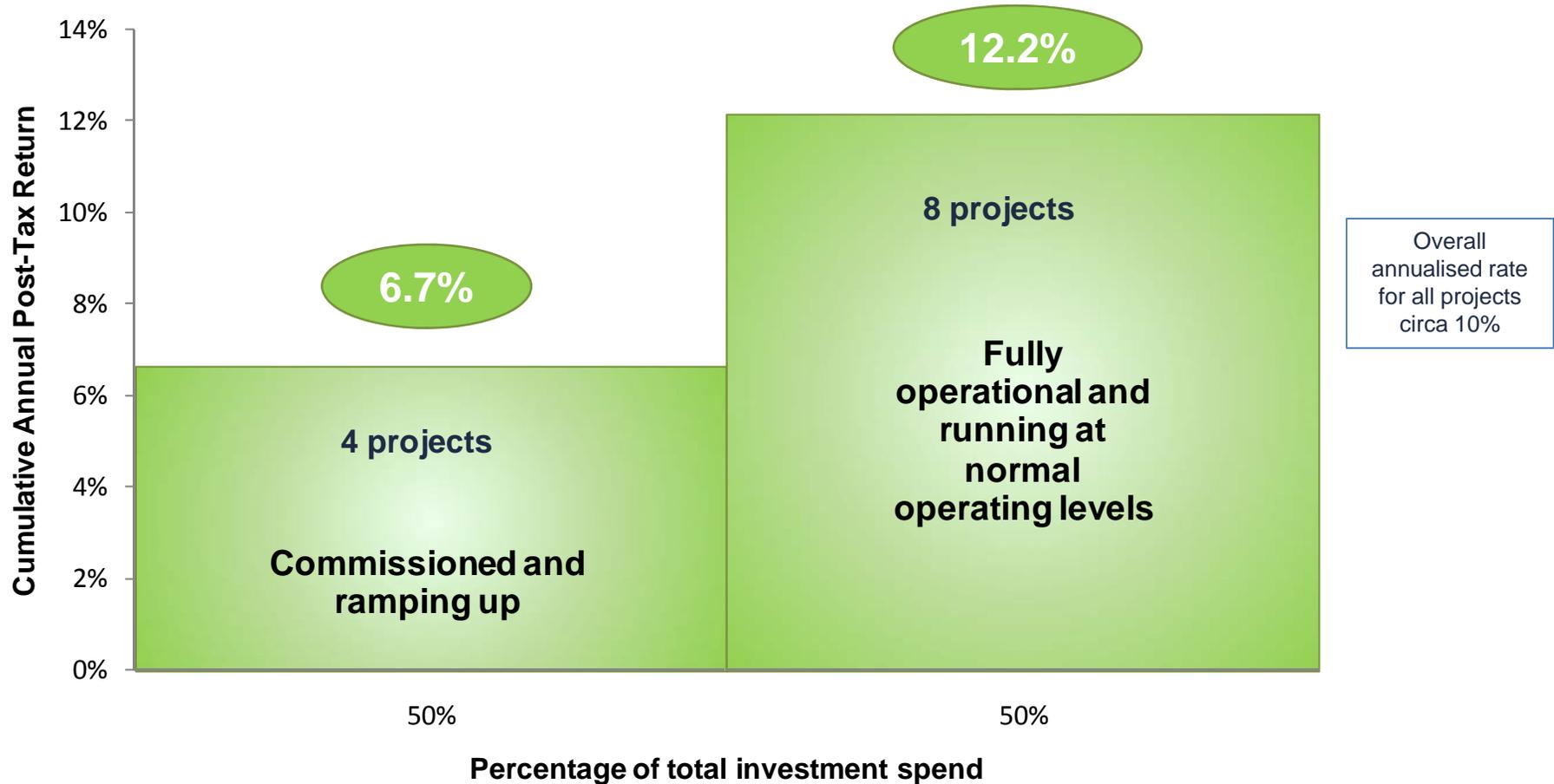
Cash Flow

Year ended 31 March	2012	2011	Diff
	£m	£m	£m
EBITDA	102	99	3
Working capital movement and other	2	5	(3)
Net replacement capital expenditure	(40)	(32)	(8)
Financing & tax	(21)	(13)	(8)
Underlying free cash flow	43	59	(16)
Dividends	(13)	(12)	(1)
Net growth capital expenditure <small>(incl NL tuck in acqn)</small>	(38)	(34)	(4)
Acquisitions & Disposals	(7)	17	(24)
PFI funding & others	5	(7)	12
Net core cash flow	(10)	23	(33)
FCF conversion*	81%	118%	

**FCF conversion is defined as underlying free cash flow divided by trading profit*

Strong underlying cash flow

2008-2011 Portfolio Returns (£100m)



Target returns are being achieved

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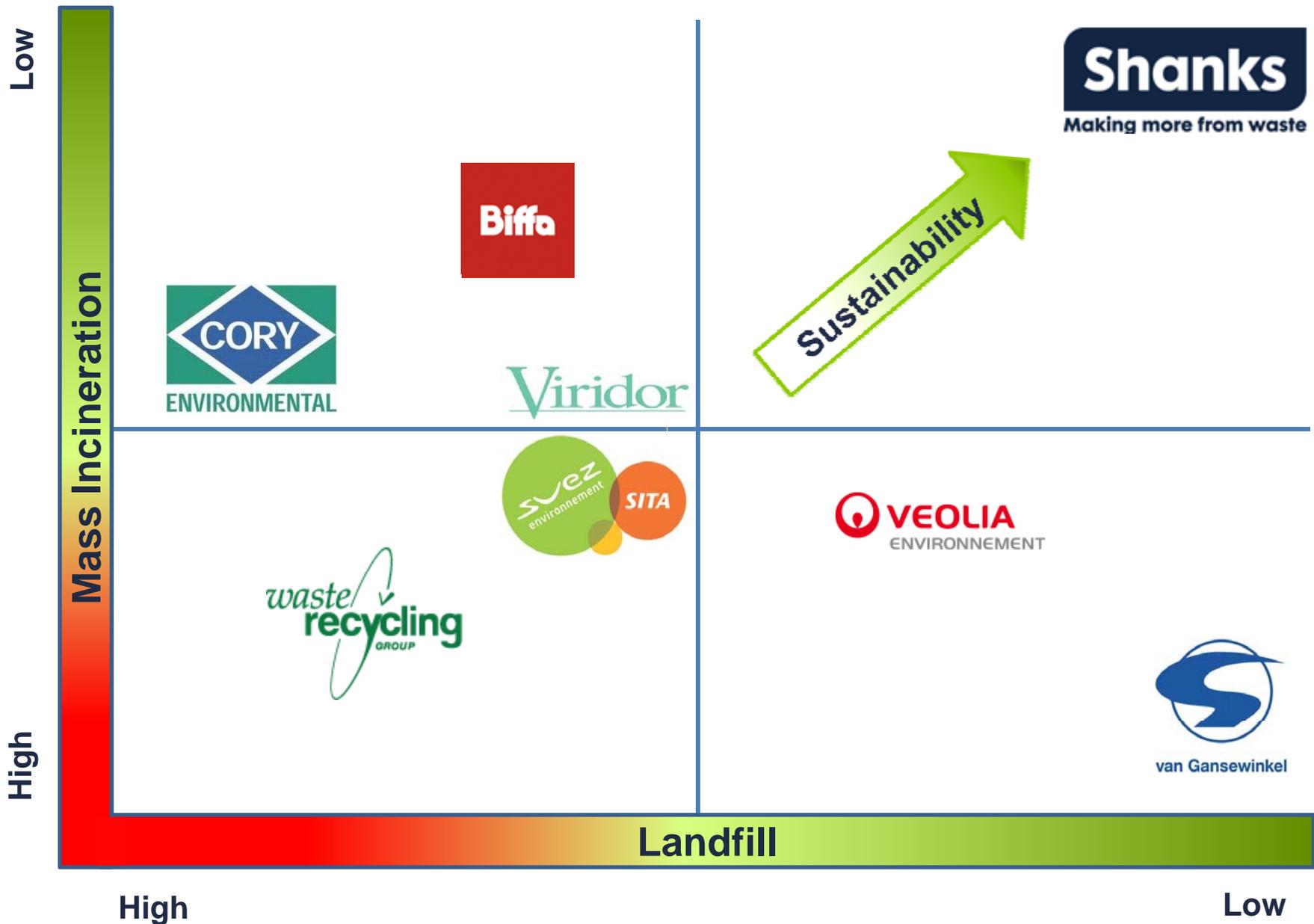
Strategy, Markets & Outlook

Peter Dilnot

Strong Growth Drivers



Shanks Distinct Positioning

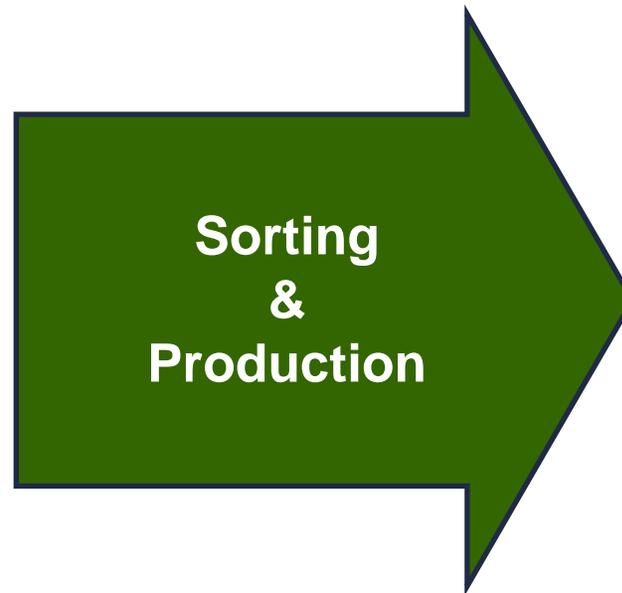


Source: Illustrative Shanks assessment

How We Make Money

Activities

- 1 Solid Waste
- 2 Hazardous Waste
- 3 Organics
- 4 UK Municipal



Products

Green energy
Recovered fuel
Recycled commodities
Fertiliser and soils
Aggregates

1 Solid Waste

Description

Sorting and reprocessing of mainly commercial, industrial & construction related waste

Demand Dynamics

Cyclical 'local' business linked to macro economy

Typically annual contracts

How Shanks wins

- Build local scale in target regions
- Drive productivity to increase recycling and diversion rates
- Develop strong product trading capability
- Share technology and deliver synergies across Group

Products & Technology

Recovered fuel & recycled commodities

Sorting centres and MRFs

Financials

	11/12	10/11	09/10
Rev	411	406	411
TP	29.2	31.5	34.4
Margin	7.1%	7.8%	8.4%

Productive and lean business, well positioned for recovery

2 Hazardous Waste

Description

Reprocessing and recycling of contaminated soil, water and other hazardous materials

Demand Dynamics

International “clean-up” projects

Long-term service contracts

How Shanks wins

World-class treatment capability & environmental excellence

Use of recycled products in treatment processes

Best-in-class equipment & plant productivity

Outstanding service levels and responsiveness

Products & Technology

Soil and recycled commodities

Interlinked treatment and cleaning processes

Financials

	11/12	10/11	09/10
Rev	206	206	179
TP	27.5	24.3	18.9
Margin	13.4%	11.8%	10.6%

Growing profitable business with competitive advantages and international reach

3 Organics

Description

Reprocessing of organic waste from municipal and industrial sectors

Demand Dynamics

Long-term municipal contracts

Medium-term industrial contracts, typically linked to food sector

How Shanks wins

Focus investment where input volume is secured

Proven operational capability with excellent gas/electricity yields

Full service offering: design, build, optimise & operate

Expand in areas with regulatory drivers and long-term contracts

Products & Technology

Green energy and fertilisers

Wet & dry anaerobic digestion, plus composting

Financials

	11/12	10/11	09/10
Rev	31	25	20
TP	5.6	3.3	3.9
Margin	18.1%	13.4%	19.4%

Well positioned international growth business with attractive economics

4 UK Municipal

Description

Sorting & reprocessing of municipal solid waste under long-term agreements

Demand Dynamics

Contracted volume typically under 20-25 year contracts

Evolving PFI/PPP market

How Shanks wins

- Disciplined approach to contract bidding
- Outstanding operational service to authorities
- Plant productivity (recyclate & diversion rate)
- Creative shared gain/pain mechanisms
- Effective technology leverage, including organics

Products & Technology

Recovered fuel, recycled commodities and green electricity

MBT, MRF and organics

Financials

	11/12	10/11	09/10
Rev	107	87	69
TP	10.8	5.6	2.4
Margin	10.1%	6.4%	3.6%

Strong stable business with improving service levels and returns

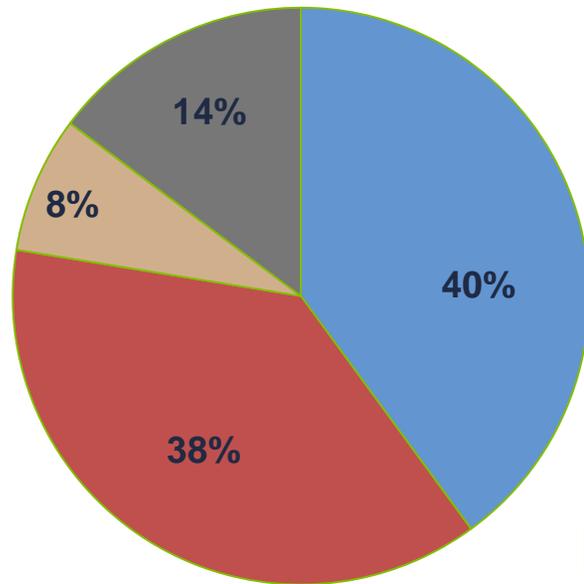
Our Portfolio

Activity	Characteristics	Revenue*	Margin*
<p>1</p> <p>Solid</p> 	<ul style="list-style-type: none"> • Productive, lean business with leading recycling rates • Well positioned for recovery 		
<p>2</p> <p>Hazardous</p> 	<ul style="list-style-type: none"> • Strong profitable business with technology advantages • International experience and reach 		
<p>3</p> <p>Organics</p> 	<ul style="list-style-type: none"> • Growing international green business with proven capabilities • Profitable growth in new markets 		
<p>4</p> <p>UK Municipal</p> 	<ul style="list-style-type: none"> • Stable business with long-term contracts and improving margins • Evolving growth opportunities 		

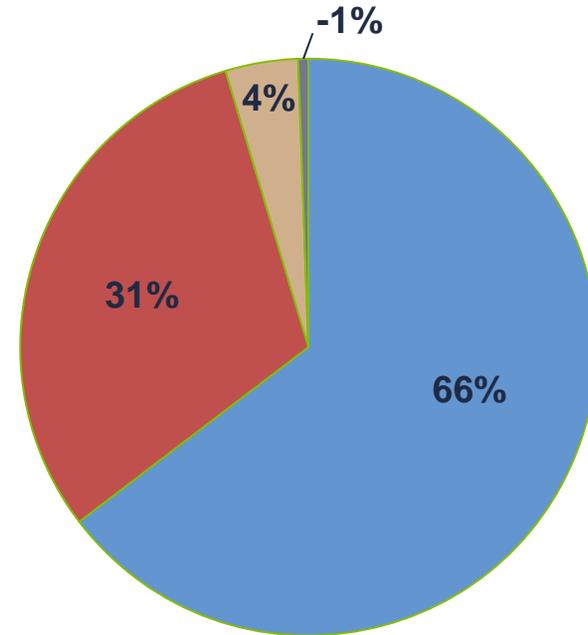
* Revenue & Margins for the year ended 31 March 2012

Portfolio Mix

2011/12 Trading Profit



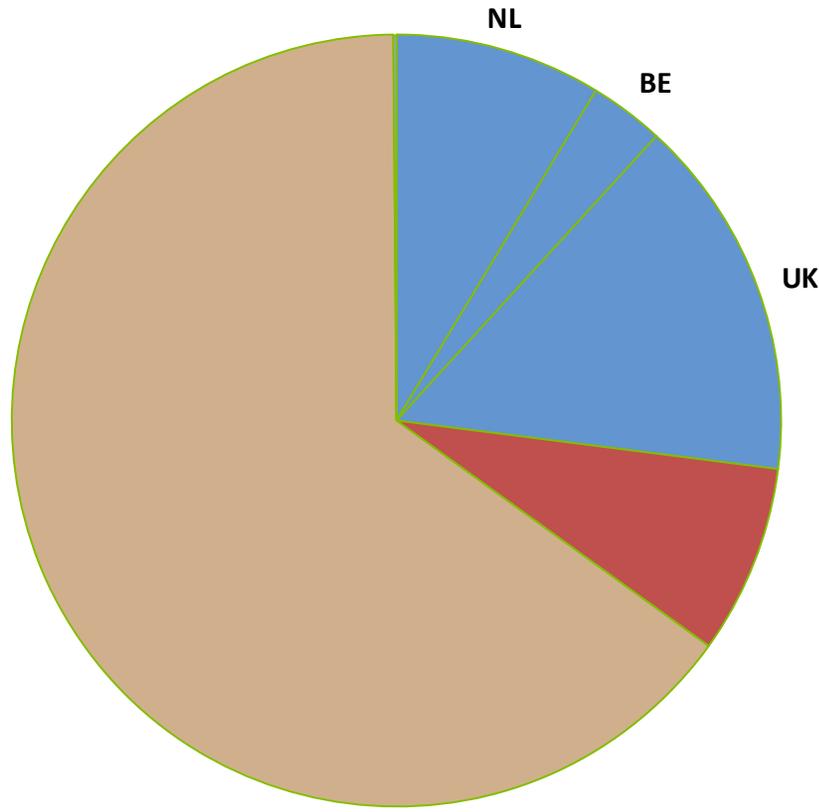
2008/09 Trading Profit



-  = Solid Waste
-  = Hazardous Waste
-  = Organics
-  = UK Municipal

**Increasing importance of Organics, UK PFI and Hazardous Waste
Mix of businesses reduces cyclicity over time**

£150m Investment Programme



Spend by country	
UK	48%
Netherlands	28%
Canada	21%
Belgium	3%

- = Solid Waste
- = Hazardous Waste
- = Organics

c.80% of investment directed to Organics and UK growth

Value Drivers

Investment programme

Sustained investment through the cycle

Improving & sustained returns across portfolio

Large funnel of attractive future opportunities

Ongoing shift in focus to profitable Organics

Management actions

Significant cost action in last 3 years

Major new focus on products & productivity

Smarter cross-selling and Group leverage

Aligning & restructuring organisation

Leverage from recovery

Markets recovered in H1 11/12, but softer in H2

Macro outlook uncertain, especially in Benelux

Continued drive away from landfill, concerns over mass incineration

Recovery gains from operational gearing

**Focused on execution of investment and management actions
> Well positioned for macro recovery**

Outlook

- Markets remain challenging
- Taking actions to deliver cost reductions and Group synergies
- Increasing returns from the investment programme
- Renewed focus on operational performance
- 2012/13 in line with the Board's expectations

**Accelerated execution of a clear strategy
Well positioned to deliver growth**

Summary

Attractive industry dynamics

- Strong underlying growth drivers
- Reinforcing regulatory and legislative environment

Compelling business position

- Distinct sustainable strategy & industry leading recycling rates
- Attractive portfolio of activities and products

Advantaged Group capabilities

- Powerful combination of proven sustainable technologies
- Strong team with deep waste and commercial experience

Clear value creation drivers

- Investment programme & management actions deliver now
- Operational leverage from any macro recovery

Shanks

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Appendices

Our Products

Product	End-use applications	Economic drivers
Green energy	Electricity for national grid or local industry (plus heat for municipal services)	Market: electricity price & green certificates <i>Shanks: gas yield productivity</i>
Recovered fuel	Fossil fuel substitute for range of industrial applications (eg, cement kilns)	Market: coal/oil price linkage <i>Shanks: plant productivity & fuel quality</i>
Recycled commodities	Substitutes for virgin materials in paper/card, plastic, metals and non-ferrous production	Market: global recycle prices <i>Shanks: recycling rates and quality</i>
Fertiliser, soil & aggregates	Range of agricultural, commercial & industrial applications	Market: local fertiliser demand & soil/aggregate prices <i>Shanks: process productivity</i>

Major focus on *productivity* coupled with underlying demand growth

£150m Investment Programme

Solid Waste

- UK – Kettering MRF & other MRF/MBT facilities
- NL – Icopower

Hazardous Waste

- ATM – waste water & soil
- Reym – industrial cleaning

Organics

- Canada – Plants 3 & 4
- NL – Amsterdam phase 2
- UK – East London, Bicester & Wales

How Do We Measure The Business

Financial KPIs	March 12	March 11
Growth in revenue from sustainable activities	2%	8%
Trading profit organic growth	6%	1%
Return on operating assets	15.2%	14.3%
Free cash flow conversion	81%	118%
Post tax return on fully operational projects	12.2%	13.0%
Underlying earnings per share growth	11%	7%
Leverage ratio	1.7 times	1.6 times

Operational KPIs	March 12	March 11
Waste volumes handled – tonnes	7.8m	7.7m
Recycling and recovery rate	78%	77%
Sorting centres - utilisation rates	68%	69%
Energy generated – megawatt hours	113,152	96,523
Lower RIDDOR rate (per 100,000 employees)	2,600	3,000

Segmental Analysis - Continuing

Year ended 31 March (£m)

	Revenue			Trading Profit*		
	2012	2011	%	2012	2011	%
Netherlands	380	362	5	38.2	37.2	3
Belgium	172	172	-	11.0	10.8	1
UK	186	176	6	6.9	5.0	39
Canada	15	10	43	3.9	1.3	>100
Central Services	(3)	(3)	-	(6.6)	(4.6)	(47)
Total	750	717	5	53.4	49.7	7

*Operating profit before amortisation of acquisition intangibles, and exceptional items

Shanks Netherlands

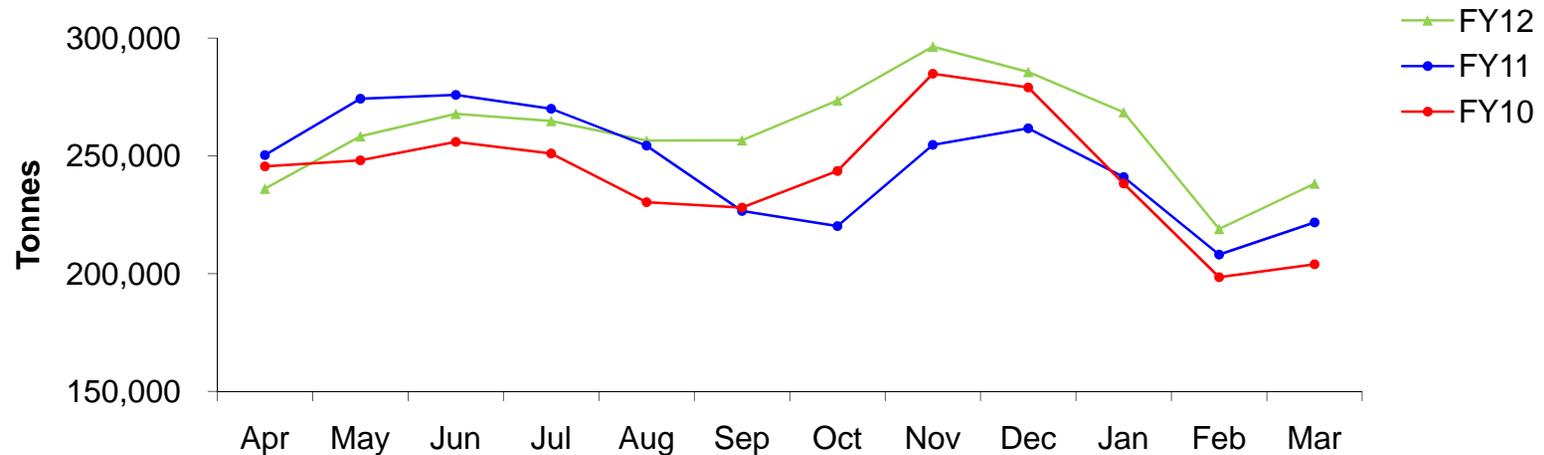
Year ended 31 March (€m)

	Revenue			Trading Profit*		
	2012	2011	%	2012	2011	%
Solid Waste	253	251	1	19.7	25.0	(21)
Hazardous Waste	173	165	4	26.4	20.9	26
Organics	18	15	24	2.5	2.2	14
Central Services	(5)	(6)	19	(4.5)	(4.6)	3
Total (€m)	439	425	3	44.1	43.5	1
Total (£m at 10/11 FX)	374	362	3	37.6	37.2	1
Exchange	6		2	0.6		2
Total (£m at 11/12 FX)	380		5	38.2		3

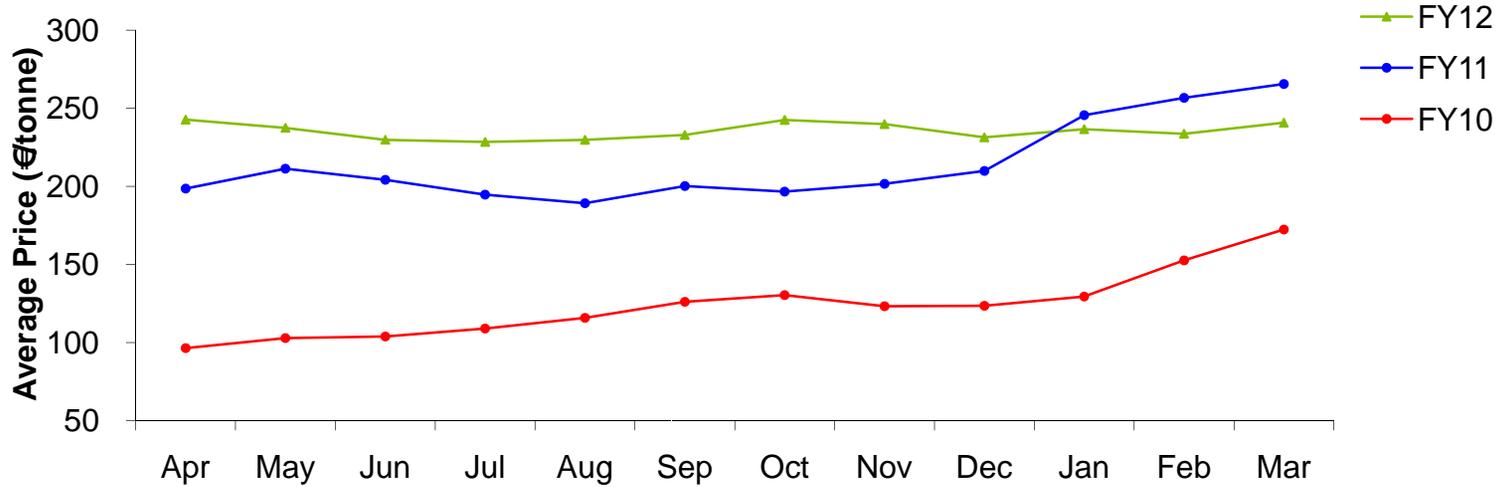
*Operating profit before amortisation of acquisition intangibles and exceptional items

Shanks Netherlands: Solid Waste

Shanks Netherlands Solid Waste Volumes – 3 month rolling



Shanks Netherlands Metal Recyclate Prices – 3 month rolling



Shanks Belgium

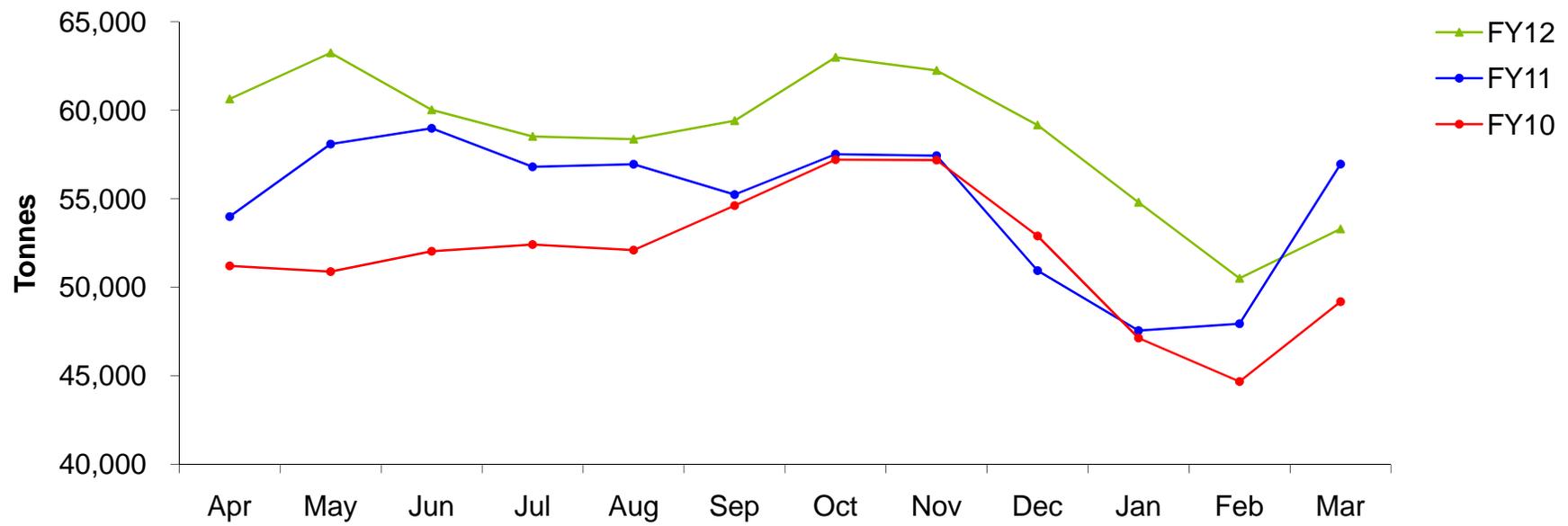
Year ended 31 March (€m)

	Revenue			Trading Profit*		
	2012	2011	%	2012	2011	%
Solid Waste	148	148	-	9.1	7.2	27
Hazardous Waste	55	59	(7)	3.3	4.1	(21)
Landfill and Power	12	12	2	6.3	5.7	11
Sand Quarry	3	3	(7)	0.7	0.8	(18)
Central Services	(19)	(20)	(5)	(6.6)	(5.1)	(30)
Total (€m)	199	202	(2)	12.8	2.7	-
Total (£m at 10/11 FX)	169	172	(2)	10.9	10.8	-
Exchange	3		2	0.1		1
Total (£m at 11/12 FX)	172		-	11.0		1

*Operating profit before amortisation of acquisition intangibles and exceptional items

Shanks Belgium: Solid Waste

Shanks Belgium Solid Waste Volumes – 3 month rolling



Shanks UK

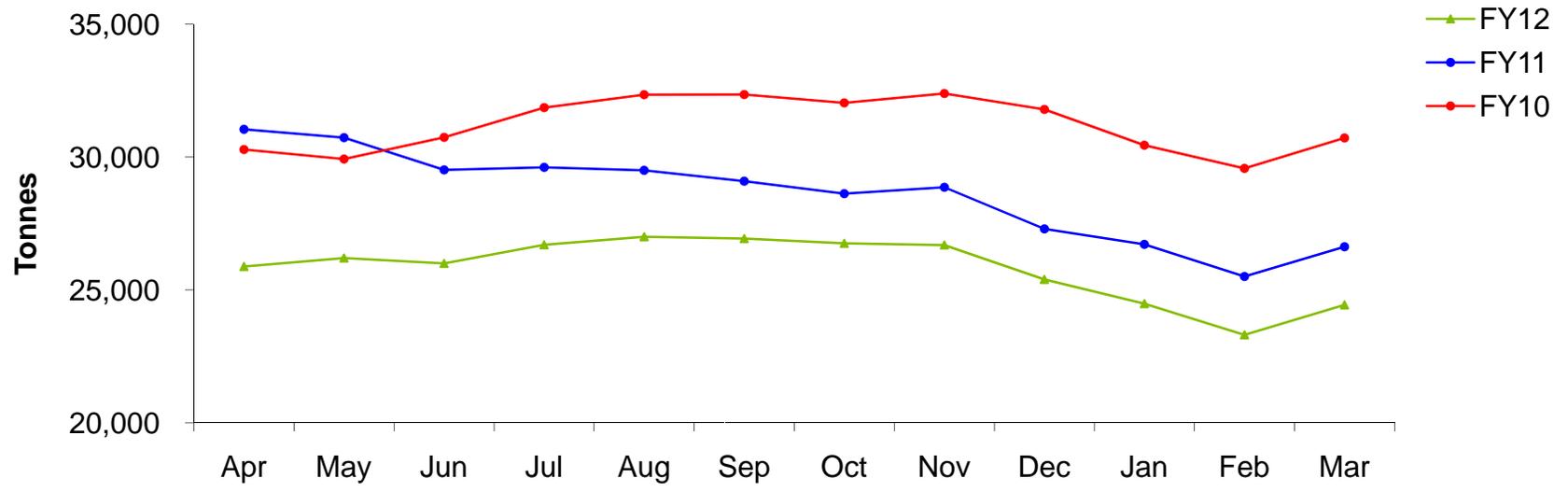
Year ended 31 March (£m)

	Revenue			Trading Profit*		
	2012	2011	%	2012	2011	%
Solid Waste	65	66	(2)	4.2	4.1	1
Hazardous Waste	8	15	(42)	1.9	2.9	(33)
Organics	1	2	(70)	(0.5)	0.1	>100
Municipal PFI	107	87	23	10.8	5.6	92
Landfill & Power	5	6	(5)	(0.3)	0.3	>100
Country Central Services	-	-	-	(7.7)	(5.4)	(40)
UK Operations	186	176	6	8.4	7.6	10
PFI Bid Team	-	-	-	(1.5)	(2.6)	44
Total	186	176	6	6.9	5.0	39

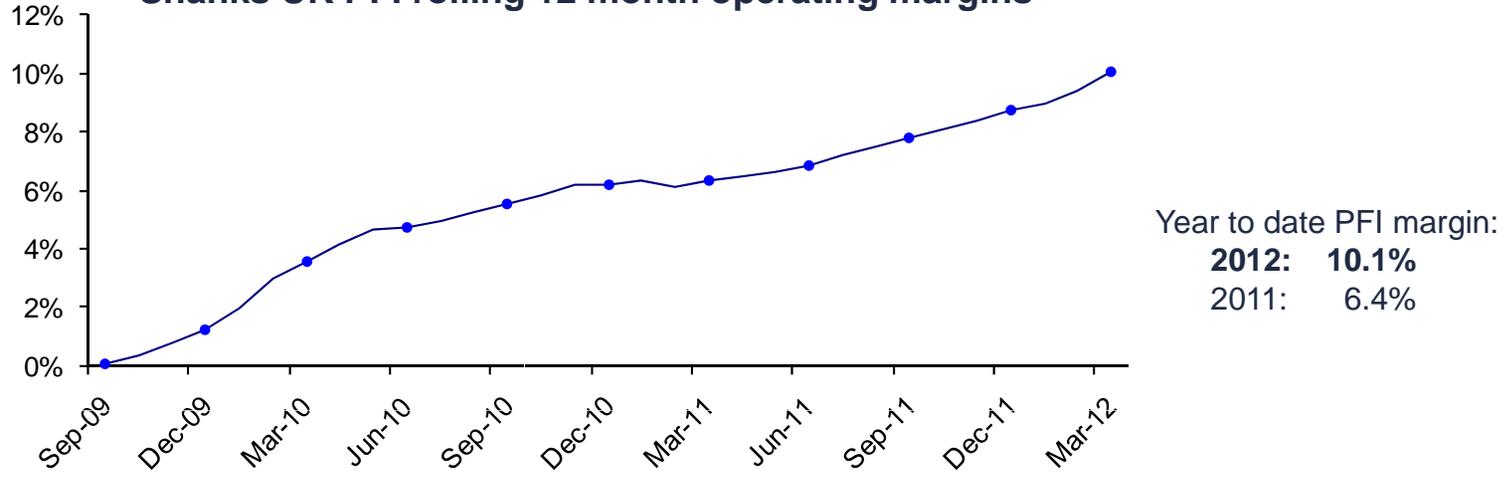
*Operating profit before amortisation of acquisition intangibles and exceptional items

Shanks UK: Solid Waste & Municipal

Shanks UK Solid Waste Collection Volumes – 3 month rolling



Shanks UK PFI rolling 12 month operating margins



Net Debt

£m

Core Net debt at start of year	(160)
Net cash flow	(10)
Exchange & loan fees	9
Core Net debt at end of year	<u>(161)</u>

Non recourse debt	(45)
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Financial ratios for core debt

EBITDA / interest cover: 1.7 times
 Debt / EBITDA: 5.0 times

Cover ratios

> 3 times
 < 3 times

Closing exchange rates: Euro: 1.20 (2011:1.13); Can\$: 1.60 (2011:1.56)

Return on Capital

	March 12	March 11
Post tax ROIC (on depreciated capital base including goodwill)	6.7%	6.4%
Return on operating assets (trading profit on depreciated operating assets excluding debt, tax and goodwill)	15.2%	14.3%
Post tax project returns – fully operational projects in £100m programme (on the original invested capital)	12.2%	13.0%