



Interim Results 2013/14

Delivering our Growth Strategy



Disclaimer Statement

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Agenda

Overview

Peter Dilnot
Group Chief Executive

Operational Review

Toby Woolrych
Group Finance Director

Delivering Growth

Peter Dilnot
Group Chief Executive

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Key Messages

- 1 Strong H1 trading performance in challenging markets
- 2 Benelux Solid Waste recovery on track: profits up on lower revenue
- 3 Exit from UK Solid Waste increases profits, returns and growth focus
- 4 Significant investment underway in Hazardous Waste and UK Municipal
- 5 On track for full year results in line with expectations
- 6 Clear strategy to deliver future growth and improve returns

2013/14 Interims Highlights

Revenue & Profits

- Revenue flat: growth divisions up, Solid Waste down
- Underlying PBT up 3% at CER, up 9% at actual rates

Solid Waste Division

- Trading profit up 7% despite revenue down 7%
- Profits up for first time in 5 years

Growth Divisions

- Strong Hazardous Waste performance: revenue up 5%
- UK Municipal revenue up 19% and Organics up 2%

Portfolio Management

- Exit from UK Solid Waste and other smaller transactions
- £22m cash inflow, £4m profit uplift on completion

Cash flow & financing

- Underlying free cash flow conversion of 95%
- Net debt to EBITDA ratio at 2.1x

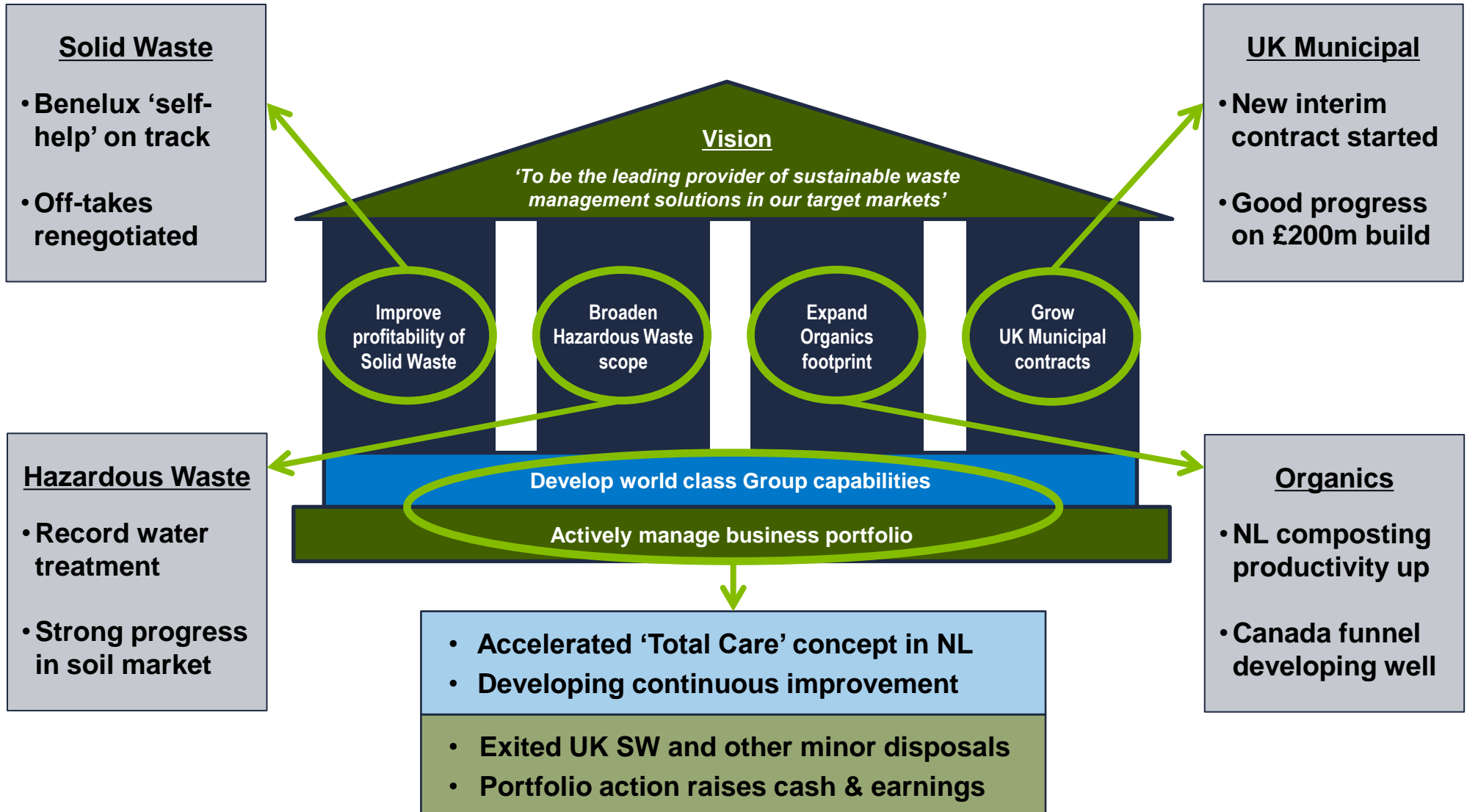
Dividend

- Interim dividend maintained at 1.1p per share
- Reflects Board's confidence in future growth

Strategy for Growth



Decisive Action in H1 13/14



Exit from UK Solid Waste

Benelux SW: Advantaged market leader

Market leader in integrated Benelux construction and industrial waste

Collection fleet of 800 vehicles operating high density routes

Strong cost position through local scale and productivity; structural actions on track

UK SW: Undifferentiated and sub-scale

Regional player in Scotland & Northern Home Counties only, limited processing capacity

Collection fleet of 100 vehicles with uneconomic route coverage

Significant cost action taken and limited further scope under our ownership

Strategic Drivers

- Strategy to focus where advantaged and can generate attractive returns
- Actively and decisively manage portfolio where needed

Exit from UK SW

- Biffa deal and MRF sales represent exit from loss-making UK SW
- Provides £14m cash inflow and 11% uplift in annualised PBT

Future UK Business

- Shanks UK now focused on Municipal growth
- Business underpinned by long-term contracts
- Further Organics assets being built with Municipal contracts

**Cash generative, accretive transaction
in line with our strategy**

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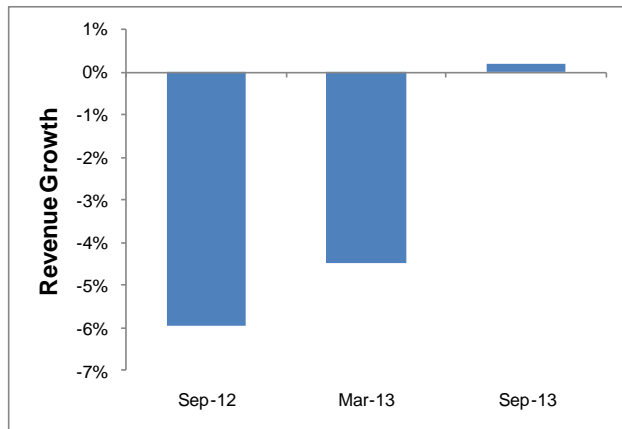
Income Statement

Six months ended September 2013

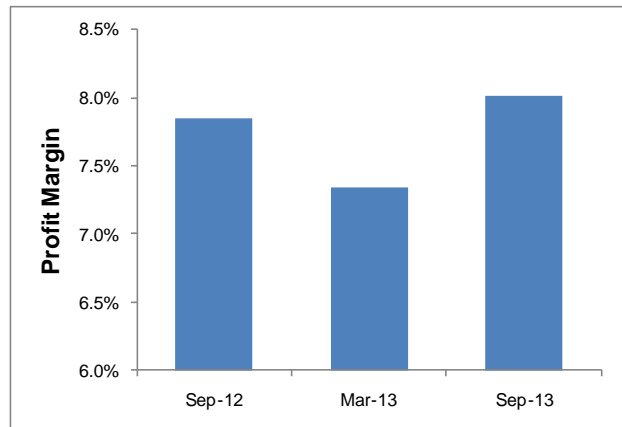
	Sep 13 £m	Sep 12 £m	Reported Change £m	Excluding currency % Change %	
Revenue	325.3	309.0	16.3	5%	0%
Trading Profit	26.1	24.1	2.0	8%	2%
Net Interest	(7.9)	(7.4)			
Associate Income	0.1	0.1			
Underlying profit before tax	18.3	16.8	1.5	9%	3%
Non-trading and exceptional items	(5.5)	(5.7)			
Profit before tax from continuing ops	12.8	11.1	1.7	15%	9%
Taxation	(3.2)	(1.3)			
Profit after tax from continuing ops	9.6	9.8	(0.2)	-2%	-8%
Discontinued operations	(27.2)	(3.4)			
Profit after tax	(17.6)	6.4	(24.0)		
Continuing operations:					
Underlying earnings per share (p)	3.4	3.1	0.3	9%	3%
Basic earnings per share (p)	2.4	2.5	(0.1)	-3%	-9%
Dividend (pence per share)	1.1p	1.1p	-		

Prior year data restated to include UK Solid Waste as discontinued operations

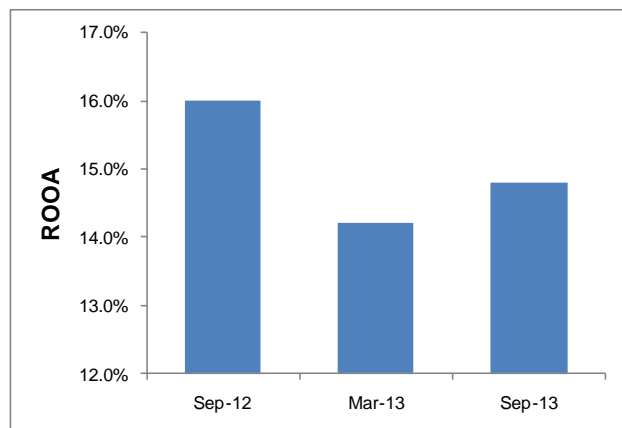
Stabilising Financial KPIs



- **Revenue flat after 4.5% decline in prior year**
 - Growth in UK Municipal
 - Growth in Hazardous Waste
 - Decline in Solid Waste Benelux as expected



- **Trading margin at 8.0%**
 - Growth in Solid Waste Benelux on cost savings
 - Stable in Hazardous Waste despite favourable one-off contract last year
 - Stable in UK Municipal, excluding Wakefield



- **Return on Operating Assets up 60bps to 14.8%**
 - Solid Waste Benelux up since year end
 - Stable in Organics and Hazardous Waste
 - 11.4% as at March 13 before portfolio management

Exit from UK Solid Waste



Biffa Transaction

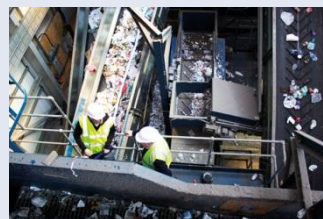
Sale announced 15 October & complete Dec 13
c300 transferring employees
£9.5m consideration
£3m working capital inflow

Sold to Biffa



Kettering MRF

Consultation initiated for closure
Sale as MRF or for site & asset value
£0.5m restructuring charge
£14m non-cash impairment



Blochairn MRF

Consultation initiated for closure
In negotiations for sale of site and some assets
£0.5m restructuring charge

£6m expected cash proceeds from sale



Elstow Facility

Transferred to UK Municipal division
Primarily serves contract for Bedfordshire CC to 2021
24 employees based locally



Support Services

Currently shared with UK Municipal
Consultation initiated regarding rationalisation
Target £2m overhead cost reduction

Assets remain with Shanks

Coordinated action to refocus UK business on growth

Financial Impact of Portfolio Actions

Pro forma impact of actions on FY13 Trading

Year to March 13 £m	Biffa transaction	Kettering / Blochairn	UK Solid Waste exit	Benelux actions	Total
Revenue	47.4	8.0	55.4	12.1	67.5
Trading profit(loss)	0.5	(2.1)	(1.6)	(0.3)	(1.9)
Divisional central services			(2.0)	-	(2.0)
Net trading loss			(3.6)	(0.3)	(3.9)
Goodwill and intangible assets	10.9	3.5	14.4	0.4	14.8
Tangible assets	3.9	17.1	21.0	7.3	28.3
Total assets	14.8	20.6	35.4	7.7	43.1

- **Pro forma profit uplift of £4m**
 - Exit from MRFs - £2.1m
 - Central services - £2.0m
 - Loss of vehicles profit – (£0.5)m
 - Exit from Benelux losses - £0.3m

- **UK Solid Waste lost £1.6m in first half FY14**

- **Net cash inflow of £22m**
 - £8m received
 - £9m expected H2 FY14
 - £5m in FY15

Profit & Loss and Cash impact of actions

£m	Biffa transaction	Kettering / Blochairn	UK Solid Waste exit	Benelux actions	Total
Sale proceeds	9.5	7.0	16.5	8.8	25.3
Working capital movements	3.0	-	3.0	-	3.0
Restructuring charges	(2.5)	(1.0)	(3.5)	-	(3.5)
Transaction costs	(1.8)	(0.3)	(2.1)	(0.4)	(2.5)
Cash inflow on sale	8.2	5.7	13.9	8.4	22.3
Expected (loss) profit on sale	(11.3)	(15.2)	(26.5)	0.6	(25.9)

- **Anticipated full year loss on sale of £25.9m**
 - £20m non-cash
 - Goodwill & intangibles £10m
 - Kettering MRF £11m

Divisional Performance

Solid Waste Benelux

Six months ended	Sep 13 €m	Sep 12 €m	Change €m	%
Revenue				
Netherlands Solid Waste	112.3	117.3	(5.0)	-4%
Belgium Solid Waste	54.9	56.1	(1.2)	-2%
Belgium Others	35.9	44.4	(8.5)	-19%
Intra-segment	(10.1)	(9.6)	(0.5)	
Total Revenue	193.0	208.2	(15.2)	-7%
Total Revenue (£m)	165.0	167.1	(2.1)	-1%
Trading Profit				
Netherlands Solid Waste	7.7	6.7	1.0	15%
Belgium Solid Waste	3.4	5.5	(2.1)	-38%
Belgium Others	6.2	4.5	1.7	38%
Divisional central services	(4.8)	(5.0)	0.2	
Total Trading Profit	12.5	11.7	0.8	7%
Total Trading Profit (£m)	10.7	9.4	1.3	14%
Trading Margin				
Netherlands Solid Waste	6.9%	5.7%		
Belgium Solid Waste	6.2%	9.8%		
Belgium Others	17.3%	10.1%		
Total Trading Margin	6.5%	5.6%		
Return on operating assets				
Netherlands Solid Waste	4.9%	7.0%		
Belgium	31.6%	23.2%		
Total Return on operating assets	8.9%	10.5%		

• Netherlands Solid Waste

- Dutch construction market down ~5%
- Industrial/Commercial market flat
- Metal recycle prices drop 12% v last year
- Growth in monostreams (wood, glass)

• Belgium Solid Waste

- Increasing pricing pressure in Belgium

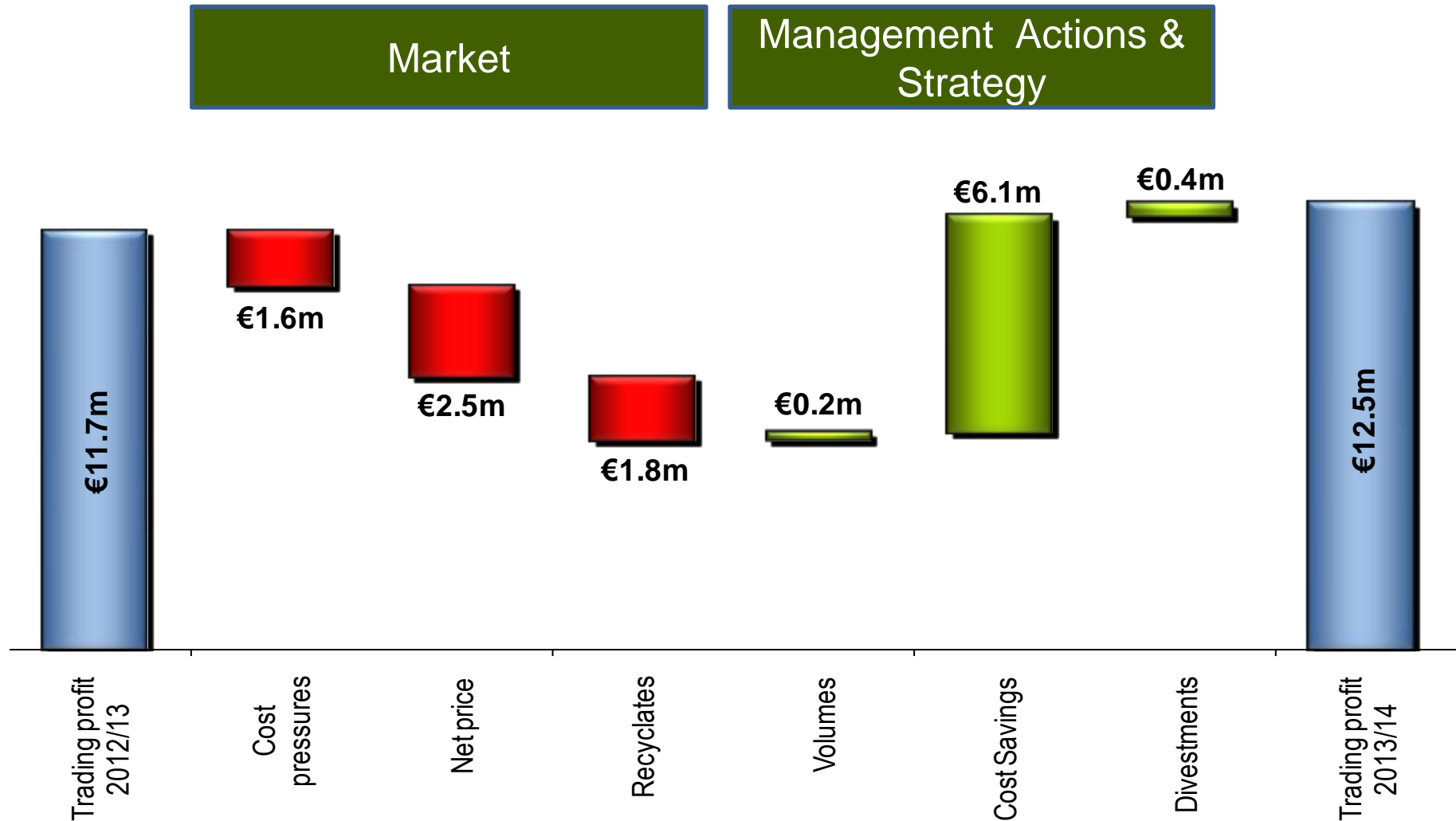
• Belgium Others

- Creation of Shanks Wood Products
- Good volumes into Cetem landfill
- Wallonia decline in manufacturing

• Cost programme drives growth

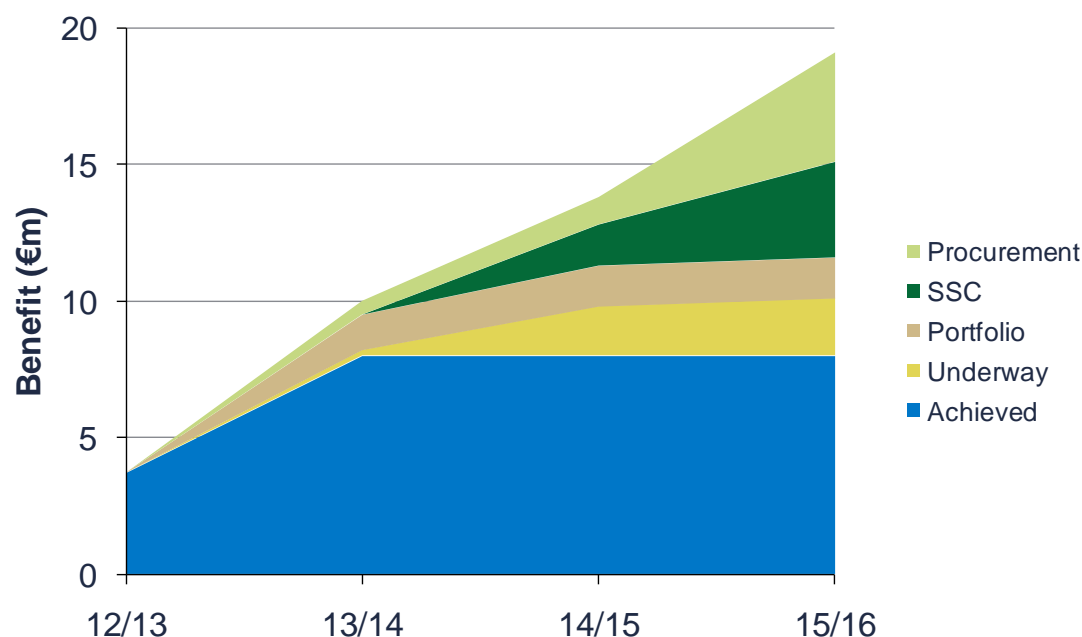
- Structural programme
- Operational actions
- Continuous improvement

Benelux Trading Profit Progression



Benelux Structural Cost Programme

Savings Progression



Delivered

Full year €10m saving on track

216 heads out in Benelux

All facilities to be closed now complete

Integration of regions continuing: e.g. NL Central

Shared Services and Procurement managed transition to reduce risk

Structural cost programme on plan

Divisional Performance Hazardous Waste

Six months ended	Sep 13 €m	Sep 12 €m	Change €m	%
Revenue	88.1	84.3	3.8	5%
Total Revenue (£m)	75.2	67.7	7.5	11%
Trading Profit				
Hazardous Waste	14.1	13.3	0.8	6%
Divisional central services	(1.1)	(0.9)	(0.2)	
Total Trading Profit	13.0	12.4	0.6	5%
Total Trading Profit (£m)	11.1	9.9	1.2	12%
Trading Margin	14.8%	14.7%		
Return on operating assets	35.6%	38.8%		

- **Good trading performance in mixed end markets, due to advantaged position**
- **Strong soil intake in challenging market**
 - International soil market compensating for weak volumes
 - Thermal soil robust but soil washing prices sharply down
 - Soil shed completion builds inventory, operating at capacity
- **Record water treatment performance**
 - Growth in waterside business and intake of industrial waste water and sludges
 - Favourable mix
- **Industrial Cleaning stable**
 - Pricing pressure at key accounts
 - Slow Q1 but Q2 very busy
 - Shanks Total Care growth



Divisional Performance Organics

Six months ended	Sep 13 €m	Sep 12 €m	Change €m	%
Revenue				
Netherlands	10.3	9.5	0.8	8%
Canada	9.1	9.6	(0.5)	-5%
Other Organics	3.8	3.7	0.1	3%
Total Revenue	23.2	22.8	0.4	2%
Total Revenue (£m)	19.3	18.3	1.0	5%
Trading Profit				
Netherlands	2.3	2.2	0.1	5%
Canada	2.0	2.3	(0.3)	-15%
Other Organics	0.1	-	0.1	n/a
Divisional central services	(0.5)	(0.7)	0.2	
Total Trading Profit	3.9	3.8	0.1	3%
Total Trading Profit (£m)	3.2	3.1	0.1	3%
Trading Margin				
Netherlands	22.3%	23.2%		
Canada	22.0%	24.0%		
Other Organics	2.6%	0.0%		
Total Trading Margin	16.8%	16.7%		
Return on operating assets				
Netherlands	6.9%	6.3%		
Canada	9.6%	11.0%		
Other Organics	1.3%	-1.9%		
Total Return on operating assets	6.8%	6.6%		

Netherlands

- Good performance from composting plants
- Amsterdam AD commissioning new assets

Canada

- Ottawa volumes strong
- London limited by MOE: new odour management equipment installed
- Increased bid costs as funnel develops

Other

- Westcott Park taking waste and generating gas

Divisional Performance UK Municipal

Six months ended	Sep 13 £m	Sep 12 £m	Change £m	%
Revenue	70.5	59.0	11.5	19%
Trading Profit				
PFI/PPP contracts	7.2	7.3	(0.1)	-1%
Divisional central services	(2.5)	(2.9)	0.4	
Total Trading Profit	4.7	4.4	0.3	7%
Trading Margin	6.7%	7.5%		



Existing contracts

- Solid performance from existing contracts
- Brief shutdown at Barrow (Cumbria)
- Wakefield interim contract performing well

Pipeline

- BDR and Wakefield build programmes on track
- Derby planning appeal successfully defended

Directors' Valuation

- Valuation at £88m – no change from March 13


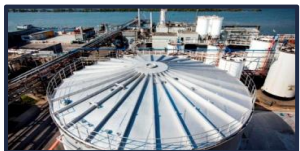

£250m Investment Programme

Category	Value	Examples	Performance
Fully Operational	£90m	<ul style="list-style-type: none"> • Sorting lines (SW) • Ottawa Canada AD (Org) • London Canada AD (Org) • ATM water treatment (HW) • Cumbernauld AD (Org) • ATM soil capacity (HW) 	<ul style="list-style-type: none"> • Post tax return of 14.3% • Several assets transitioned from ramping up • HW Soil shed completed
Ramping up	£35m	<ul style="list-style-type: none"> • Amsterdam AD (Org) • Westcott Park AD (Org) 	<ul style="list-style-type: none"> • Commissioning new assets in Amsterdam • Westcott Park generates gas in Q2
In Construction	£0m	<ul style="list-style-type: none"> • Work starting on HW projects in H2 14 • Significant on-going PFI construction (non-recourse debt) • Commitment to PFI SPV sub-debt (£50m @ 14%) 	
Not yet Started	£125m	<ul style="list-style-type: none"> • Water tanks project (HW) • Soil capacity expansion (HW) • Theemsweg waste water (HW) • Canada plants (Org) 	<ul style="list-style-type: none"> • 6 new HW projects approved

Returns on total programme are in target range at 12.2% post tax

Investment Programme by Division

Pre-tax Return on Operating Assets of 16-20% compares to post-tax target of 12-15%

Division	Div'n ROA	Prog ROA	Spent	Allocated	Comment
Solid 	8.9%	16.8%	£29m	£ -	<ul style="list-style-type: none"> Investment returns nearly double Division average and meet target No new assets under construction
Hazardous 	35.6%	50.6%	£17m	£17m	<ul style="list-style-type: none"> Investment returns very strong due to impact of soil and water storage Focus for further investment
Organics 	6.8%	9.7%	£79m	£ -	<ul style="list-style-type: none"> Returns still ramping, diluted by central and bid costs Build programme linked to municipal tenders
Total	14.8%	19.6%	£125m	£17m	

Additional £200m investment in BDR and Wakefield underway to add growth to UK Municipal

Focused, market based investment programme delivering superior returns

Non-trading & Exceptional Items

Six months ended	Sep 13 £m	Sep 12 £m
Amortisation of acquisition intangibles	(1.1)	(1.3)
Restructuring charges	(2.1)	(4.0)
Impairment of assets in Vliko due to fire	(3.2)	-
Hazardous Waste litigation recovery	1.4	-
Other exceptional items	(0.7)	-
Change in fair value of derivatives	0.2	-
Net onerous contract provision	-	(1.4)
Exit from Foronex transport activities	-	1.0
Total non-trading and exceptional items	(5.5)	(5.7)

Continuing operations only

- Restructuring charges below forecast, benefits are on track
- Fire at Vliko causes impairment: insurance recovery to be recognised in H2
- Recovery of HW litigation cost

Cash Flow Performance

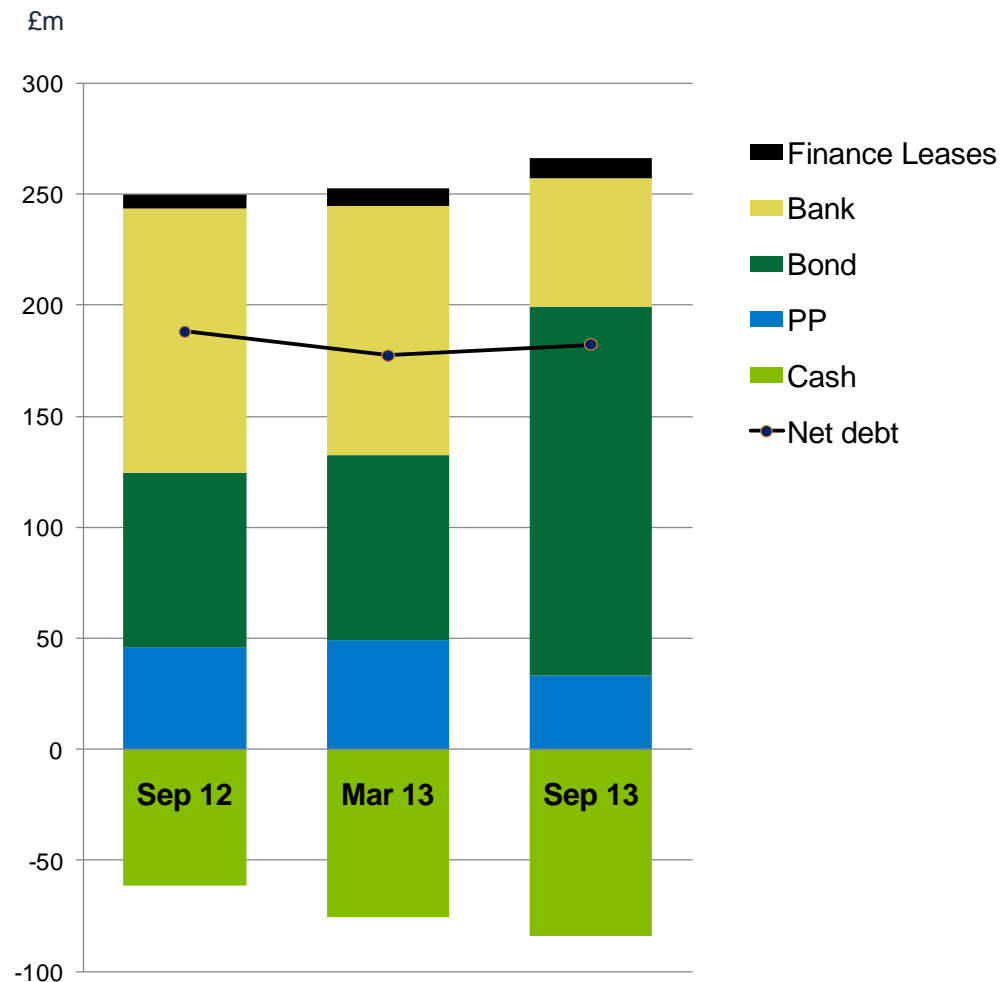
- Excellent free cash flow conversion of 95%
- Regular seasonal working capital outflow
- Replacement capital expenditure of 32% (2012: 54%) reflecting careful management, timing and selected asset sales
- Sale proceeds largely yet to be recognised
- Cash restructuring spend better than plan
- PFI funding and other includes: investment in Cumbria (£11m), pension deficit payment (£1.5m), offset by sale of Netherlands Head Office (£6m)

	Sep 13 £m	Sep 12 £m
EBITDA	45.3	43.6
Working capital movement and other	(9.7)	(14.3)
Net replacement capital expenditure	(7.1)	(12.5)
Interest and tax	(5.4)	(6.6)
Underlying free cash flow	23.1	10.2
Net growth capital expenditure	(12.6)	(11.7)
Acquisitions and disposals	1.3	(11.0)
Restructuring spend	(4.6)	(2.3)
Dividends paid	(9.3)	(9.3)
PFI funding and other	(8.6)	(8.9)
Net core cash flow	(10.7)	(33.0)
Free cash flow conversion	95%	47%

*FCF conversion is defined as underlying free cash flow divided by trading profit
Cash flow includes both continuing and discontinued operations*

Strong cash performance

Movement in Core Net Debt



Core net debt	£m
Net debt at start of period	(177.3)
Net cash inflow	9.3
Loan repayments	66.1
New bond	(86.1)
Net loan fee movement	0.1
Exchange impact	5.7
Net debt at end of period	(182.2)

	Sep 13	Mar 13
Headroom	£57m	£82m
Net debt / EBITDA	2.1x	2.0x
Interest cover	3.9x	3.7x

Long term debt from multiple sources with headroom available

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CEO Perspectives

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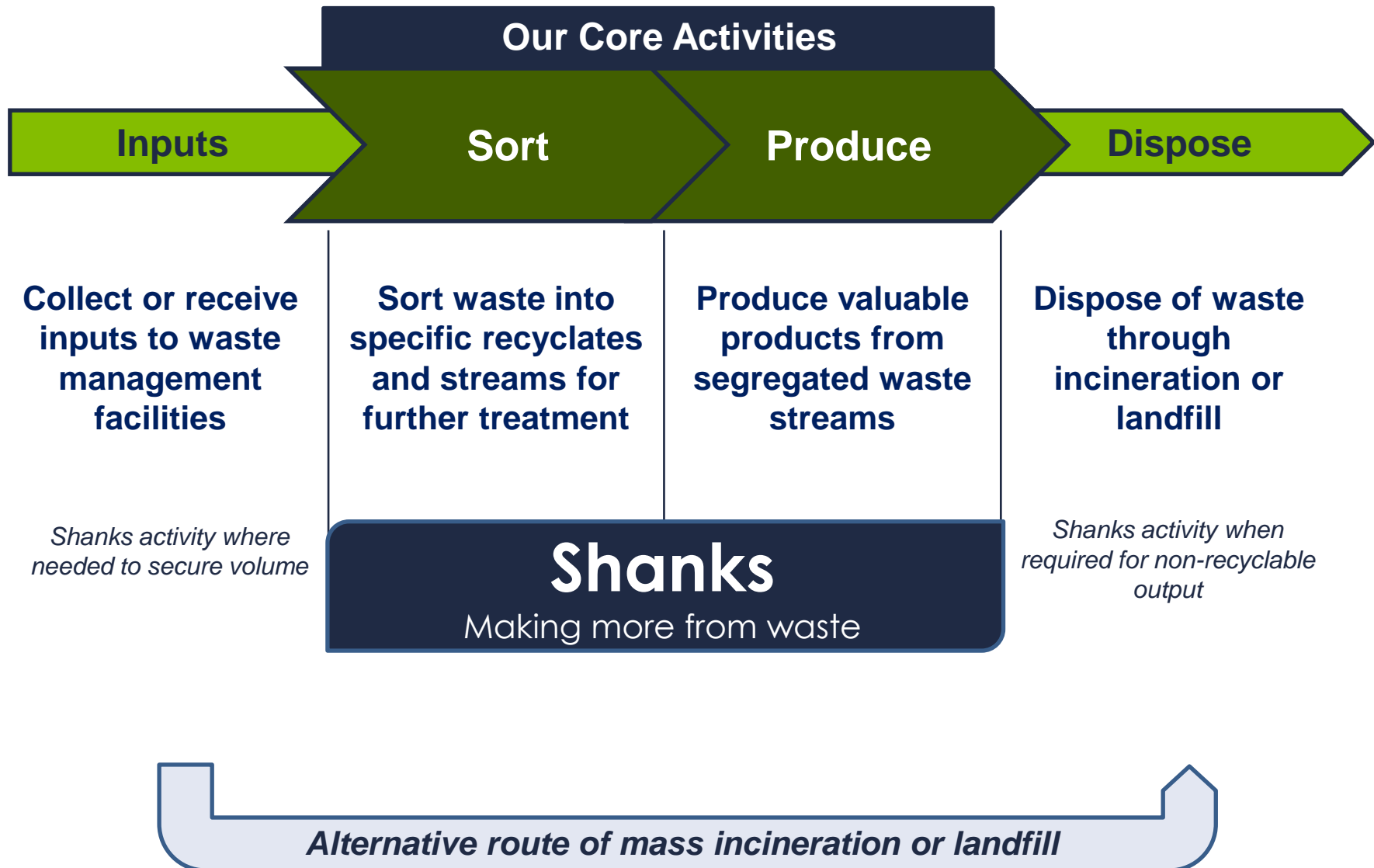
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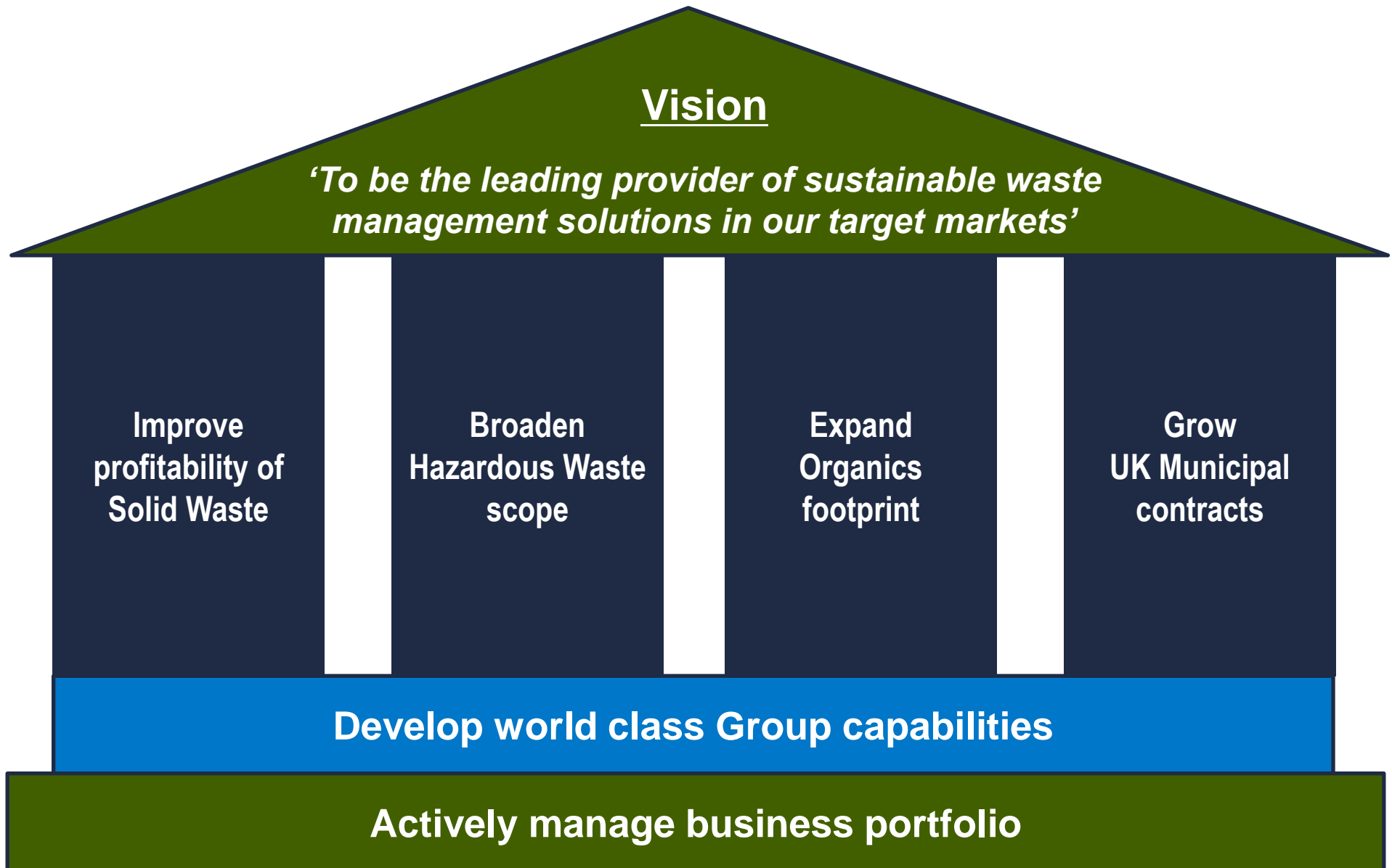
Strong Growth Drivers



Making More From Waste



Strategy for Growth



Solid Waste Growth

Market and Position

Ongoing macro headwinds and construction depressed
Continued over-capacity, although some being removed
Recyclate prices not set to improve to previous levels
Market leader in Benelux, plus integrated treatment model
Strong local brands and customer bases

Financials

£m	10/11	11/12	12/13	H1 13/14
Rev	383	388	331	165
TP	29.9	26.2	16.3	10.7
Margin	7.8%	6.8%	4.9%	6.5%
ROOA	18.1%	12.7%	8.1%	8.9%

Strategy and Execution

- 1** Lowest cost position through scale and productivity advantages
 - *Operational footprint optimised*
 - *Structural cost programme on track*
 - *Continuous improvement initiative*
- 2** High quality, innovative products for target markets
 - *Van Tuijl glass acquisition delivering growth*
 - *Icopower pellets and SRF being exported*
 - *Investigating further 'mono-stream' expansion*
- 3** Commercial effectiveness to secure volume and sell product profitably and internationally
 - *Targeted campaigns to gain share*
 - *Increasingly coordinated activity across lines*
 - *Sales effectiveness formal launch in Jan 14*



Outlook: on track to recover 11/12 ROOA, plus impact of macro recovery

Hazardous Waste Growth

Market and Position

Mature market in Northern EU, especially soil remediation
Growth in waste water treatment as regulation enforced
Established EU market leader in thermal soil treatment
Advantaged water technology and harbour location
Synergies between treatment (ATM) and cleaning (Reym)

Financials

£m	10/11	11/12	12/13	H1 13/14
Rev	141	150	139	75
TP	16.3	21.2	19.1	11.1
Margin	11.6%	14.2%	13.7%	14.8%
ROOA	33.7%	40.6%	36.2%	35.6%

Strategy and Execution

- 1 Invest in increasing water treatment capacity
 - New facility development in Rotterdam Harbour
 - Projects approved for more ATM water storage
 - Degassing being built & jetty extension planned
- 2 Expand range of inputs requiring thermal treatment
 - Lobbying for local treatment of exported TAG
 - Increasing capacity and technology at ATM soil
- 3 Broaden commercial coverage in target markets
 - Expanded capability and capacity across EU
 - New campaign launched in target locations
- 4 Drive further synergies and productivity gains
 - Reym and ATM strong H1 throughputs
 - Launched new 'Total Care' commercial plan



Outlook: ongoing revenue growth while sustaining attractive returns

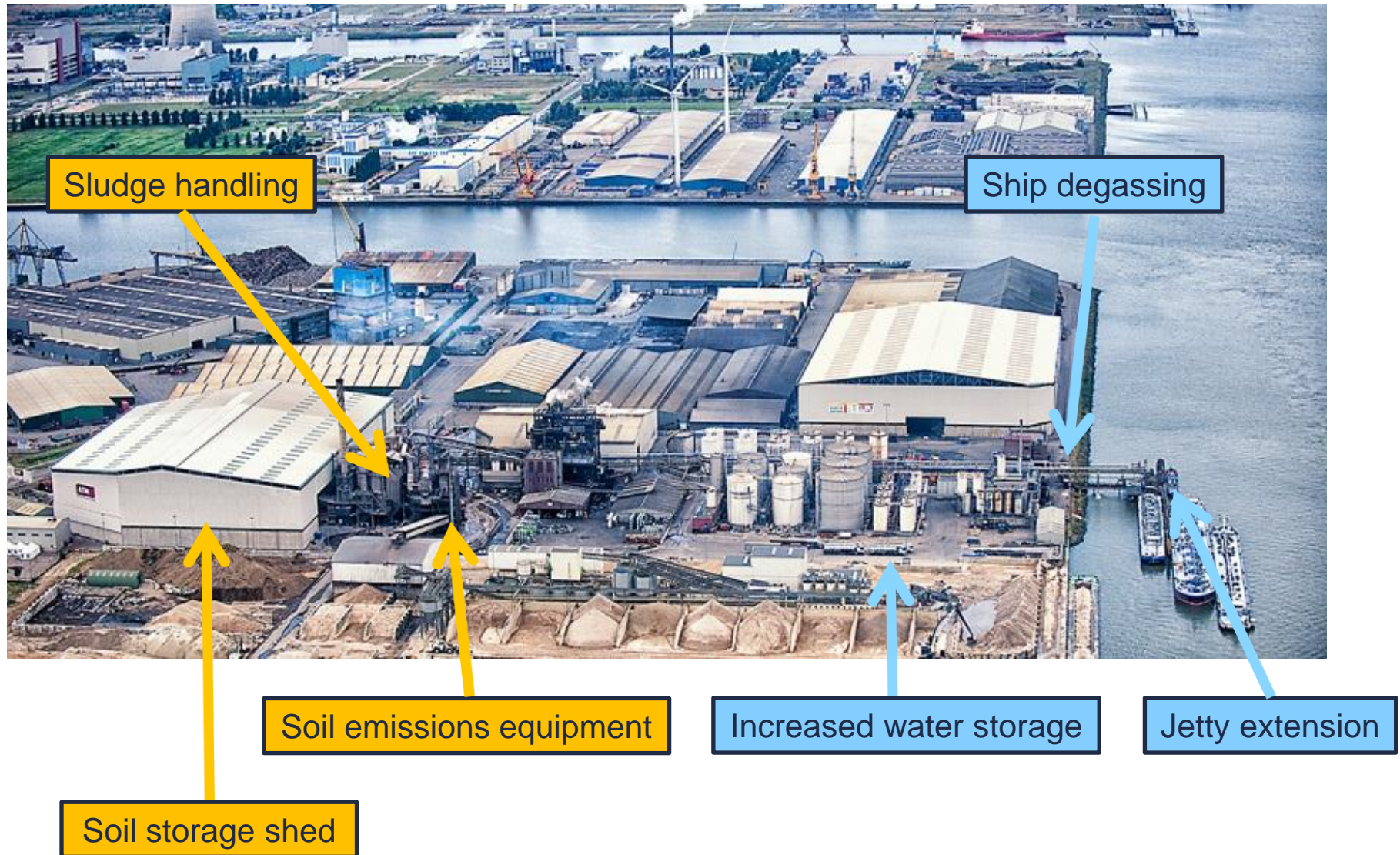
Hazardous Waste Investment

Market	Demand Generation	Regulation	Shanks Position	Investments
Thermal Soil Treatment	<ul style="list-style-type: none"> Continued slow NL construction Steady EU flow of clean-up projects 	<ul style="list-style-type: none"> Momentum on banning Dutch TAG export Environmental permits tighter 	<ul style="list-style-type: none"> Largest scale thermal plant in NL Proven technology leadership Environmental excellence 	<ul style="list-style-type: none"> <u>Enhanced emissions control</u> increases kiln capacity by 10% - from H2 15 <u>Iron sludge capability</u> opens up new niche market – from H2 15
Waste Water Treatment	<ul style="list-style-type: none"> Higher ship traffic in Rotterdam Steady industrial cleaning volumes 	<ul style="list-style-type: none"> More enforcement of existing ship regulations Imminent controls on degassing 	<ul style="list-style-type: none"> Advantaged proven technology Waterside locations Integrated ATM/Reym processes 	<ul style="list-style-type: none"> <u>Increased water storage capacity</u> maximises volume throughput at ATM – H1 16 <u>Equipment to degas ships</u> meets regulatory need – from H1 16
Industrial Cleaning & Total Care	<ul style="list-style-type: none"> Steady base volumes in NL Growing need for integrated services 	<ul style="list-style-type: none"> Continued tight safety regulation No major changes expected 	<ul style="list-style-type: none"> Market leader in NL industrial cleaning (including offshore) Unparalleled range of businesses in Group 	<ul style="list-style-type: none"> <u>New facility in Rotterdam</u> supports 'Total Care' growth close to growing market – from H1 16 <u>Ultrasonic cleaning equipment</u> maintains technology leadership – from H2 15

Over €20M investment in next 3 years, returns at high-end of target range

See: www.shanksplc.com/media-centre/video-gallery/tightening-legislation.aspx

ATM Expansion



Organics Growth

Market and Position

Benelux market mature, UK evolving rapidly
Canada/NA diversion plans, but varies at province level
Unique design, build, own and operate model
Market leader in advanced NL market, footprint in Canada
Proven technology for range of input types

Financials

£m	10/11	11/12	12/13	H1 13/14
Rev	28	34	36	19
TP	3.2	5.2	5.3	3.2
Margin	11.6%	15.3%	14.8%	16.8%
ROOA	5.1%	7.0%	6.7%	6.8%

Strategy and Execution

- 1 Ramp-up new EU assets profitably
 - 3rd CHP and new dryer at Amsterdam AD
 - Westcott Park AD started taking waste inputs
 - Cumbernauld JV delivering earnings growth
- 2 Capture NA opportunity by using UK/NL experience
 - Strong funnel of new Organic opportunities
 - Selective preliminary bidding underway
- 3 Develop co-processing with Dutch A-brand customers
 - New concept operational with Albert Heijn
 - Advanced negotiations with other players
- 4 Invest in maintaining technology leadership
 - Conducted due diligence on insect conversion
 - Evaluating waste to feed options



Outlook: continued steady growth, new facilities provide step-up mid term

UK Municipal Growth

Market Dynamics

Most authorities have decided on diversion approach
Some smaller scale, medium-term contracts emerging
UK market leader in MBT treatment and SRF production
Established with 5 operational contracts, 3 in development
Proven capability for diversion and operational excellence

Financials

£m	10/11	11/12	12/13	H1 13/14
Rev	91	111	115	71
TP	(0.6)	5.6	9.6	4.7
Margin	-0.7%	5.1%	8.3%	6.7%
Fin Asset	48	66	125	155

Strategy and Execution

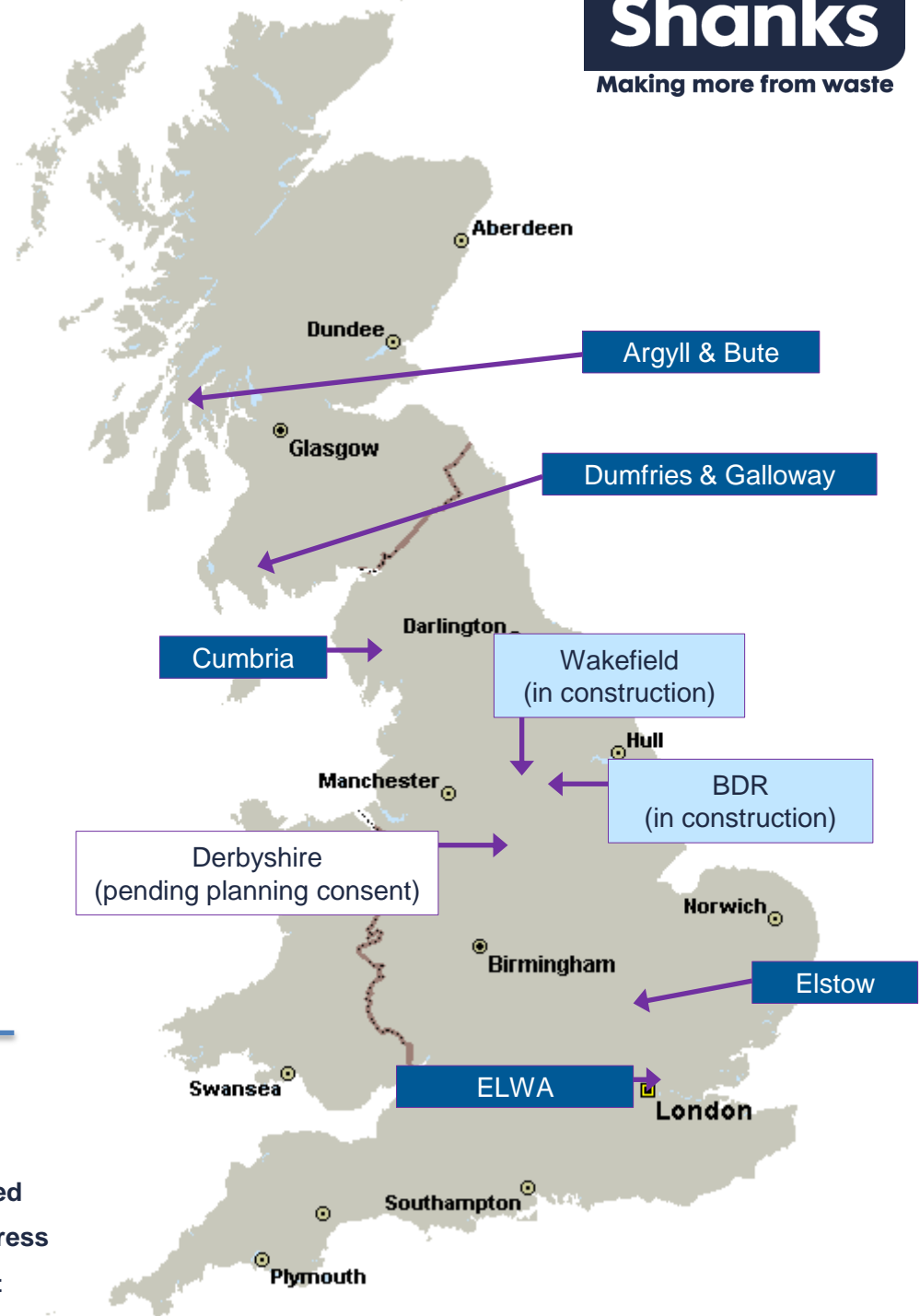
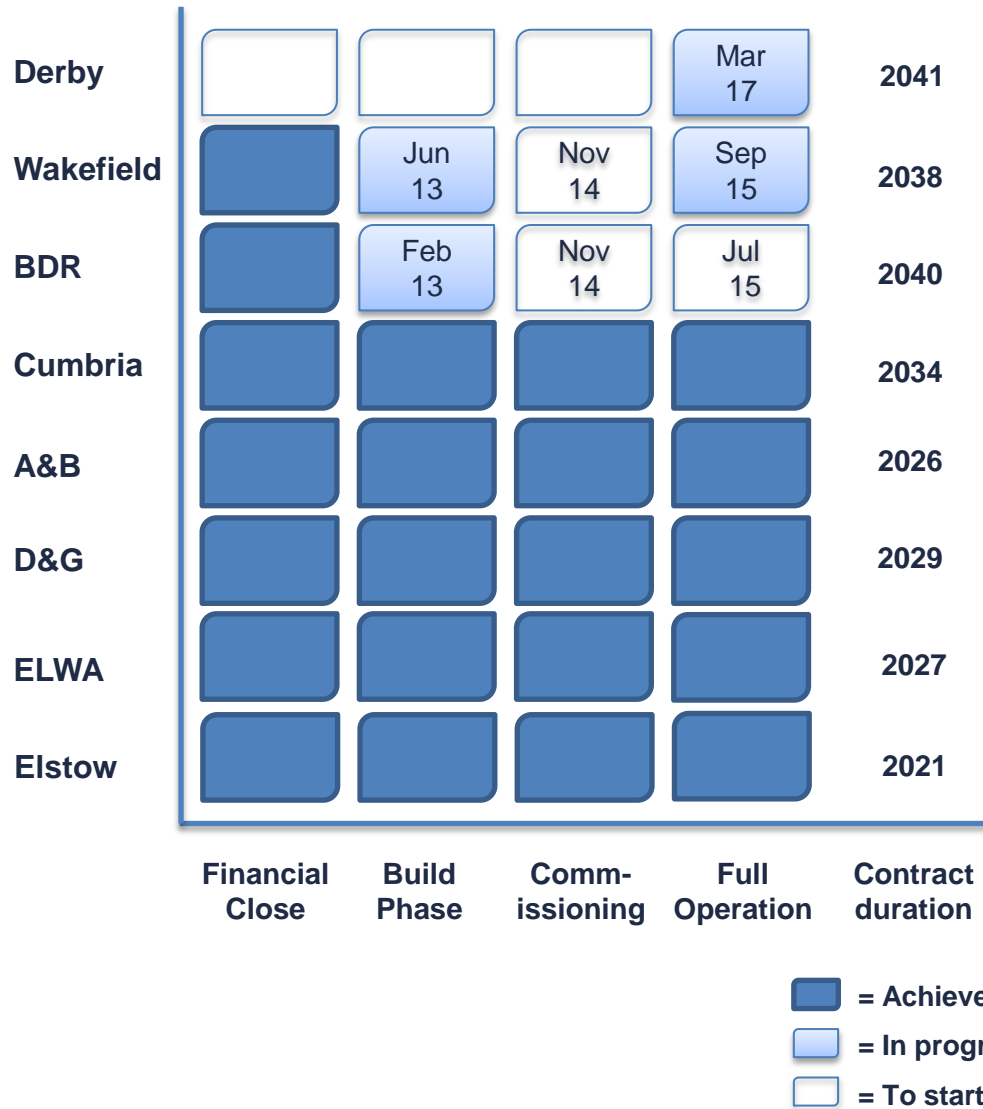
- 1 Sustain margin on operational contracts in partnership with local authorities
 - *Delivering creative solutions as austerity bites*
 - *Margin sustained in H1 (outside one-off fees)*
- 2 Successfully commission assets under construction
 - *Wakefield interim contract started, build on track*
 - *BDR build programme progressing well*
- 3 Achieve Financial Close on key new contracts
 - *Derby moving forward as planning appeal failed*
 - *Solid progress in SWW with AD opportunities*
- 4 Win new volume to utilise full treatment capacity
 - *Highly selective bidding underway*
 - *Evaluating options with some authorities*



Outlook: on track to double profit as contracts ramp-up over next 5 years*

* Excluding win fees

UK Municipal Assets



UK Municipal Investment



~£200M investment underway, funded through non-recourse debt

Divisional Growth Drivers

Division	Shanks Position	Growth Drivers
Solid 	<ul style="list-style-type: none"> • <u>Market leader</u> in Benelux • Linked to NL construction • Strong commercial presence 	<ul style="list-style-type: none"> • Structural cost programme on track • Gaining share through downturn • Macro recovery in due course
Hazardous 	<ul style="list-style-type: none"> • <u>Market leader</u> in EU thermal soil treatment • Advantaged water technology 	<ul style="list-style-type: none"> • Fast-tracked waterside expansion • Broader range of treatment inputs • Increased regional presence
Organics 	<ul style="list-style-type: none"> • <u>Market leader</u> in Netherlands • Differentiated operating model • Growth footprint in Canada 	<ul style="list-style-type: none"> • Ramp-up EU assets profitably • Canada growth by leveraging NL/UK • Co-processing with EU A-brands
UK Municipal 	<ul style="list-style-type: none"> • <u>Market leader</u> in UK MBT • Proven operational excellence • New infrastructure being built 	<ul style="list-style-type: none"> • Partnership with local authorities • Ramp-up BDR, Wakefield and Derby • Win new volumes to utilise capacity

Clear growth trajectory for each Division

Group Strategies

Develop World-class Group Capabilities

Leveraging combined Group expertise to accelerate growth, for example:

- Total Care in NL – Hazardous, Solid + Organics
- Canada municipal – Organics + UK

Rolling-out commercial effectiveness initiative to deliver share gains and price

Introducing formal continuous improvement function to drive lean manufacturing

Continuing to improve organisational design, hiring and talent development

Actively Manage Business Portfolio

Continuing to review businesses in terms of earnings quality and returns on assets

Selective sales of underperforming or non-core assets – such as UK Solid Waste

Increasing focus on investments where Shanks has advantage and higher growth

- Hazardous waste capacity
- Organics in target geographies

Will consider accretive bolt-on acquisitions

- Reinforce strategy & Shanks position
- Deliver strong synergies

Shanks Total Care

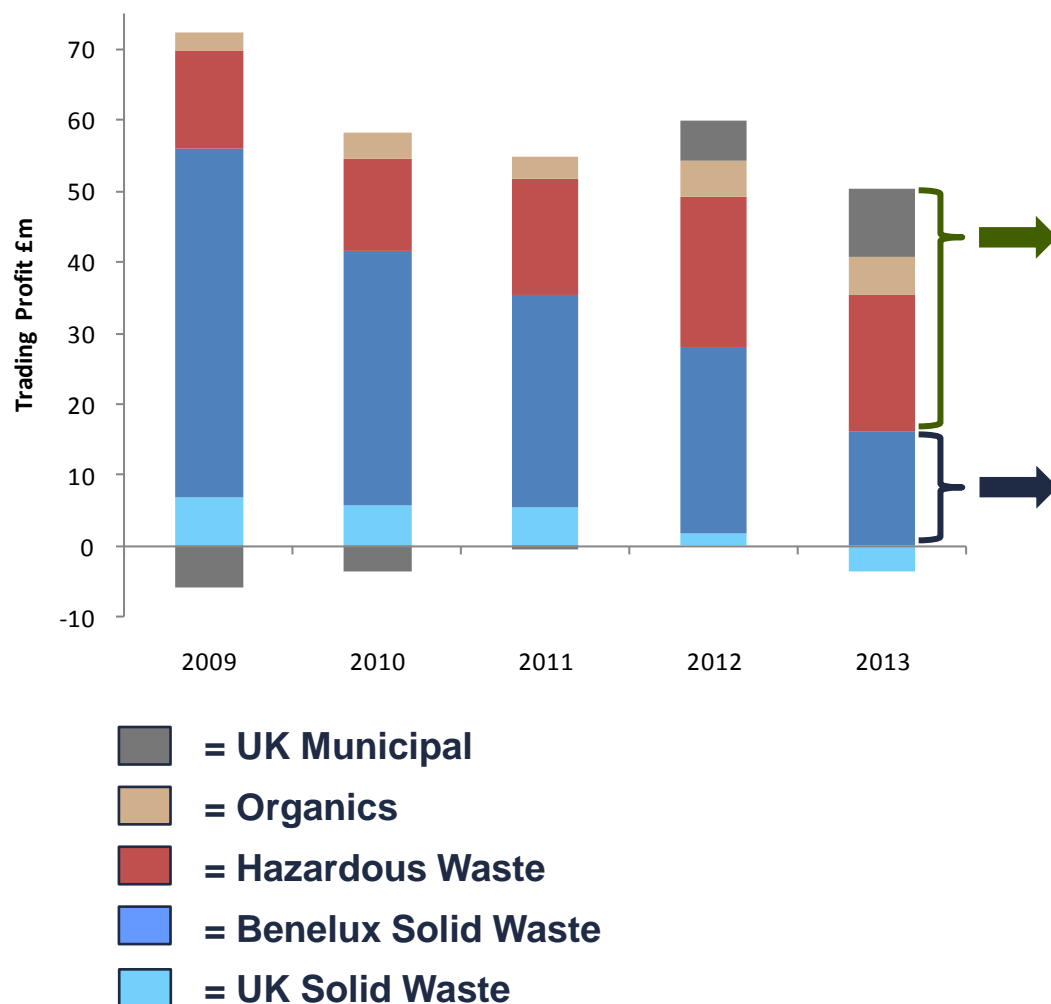


Cleaning, transport and disposal

See: www.shanksplc.com/media-centre/video-gallery/total-care.aspx

Group Evolution

Group Trading Profit Evolution



Group Trading Profit Mix

Majority of profits now from Hazardous, Organics and UK Municipal

- Increased long-term contracts
- Higher returns on assets
- Reduced cyclicity over time

Solid Waste profits reduced significantly, but will recover over time

- Exit from loss-making UK SW
- Structural cost action
- Macro recovery

Outlook

- **Markets remain challenging**
- **Structural cost programme is delivering profit improvements**
- **Clear investment plans which are well-funded and focused where returns attractive**
- **Actively managing portfolio to improve returns**
- **2013/14 profit in line with Board's expectations**
- **Medium-term growth prospects are promising**

Appendices

Current Market Context

Benelux Solid Waste

EU slowdown continues to impact volumes

NL construction remains in crisis

Capacity reductions both proactive & forced

Some early signs of stabilisation in NL

Hazardous Waste

Domestic Dutch markets remain challenging

Significant international soil opportunities

Promising regulation on thermal treatment

Water volumes up due to ship regulations

Organics

NL composting mature & contract renewals

UK accelerated AD roll-out continues

Canada/NA growth, but in focused regions

New technology emerging with no subsidies

UK Municipal

Significant capacity being built under PFI

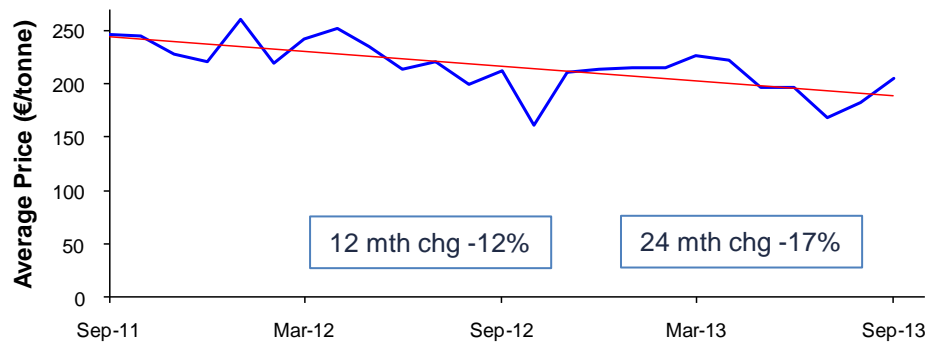
No further PFI credits, some have been pulled

Pressure to reduce costs due to austerity

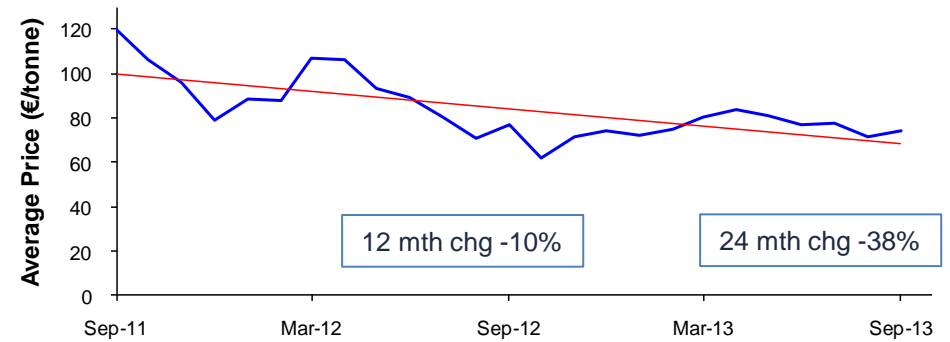
New mid-term contracts in some regions

Recyclate Data - Netherlands

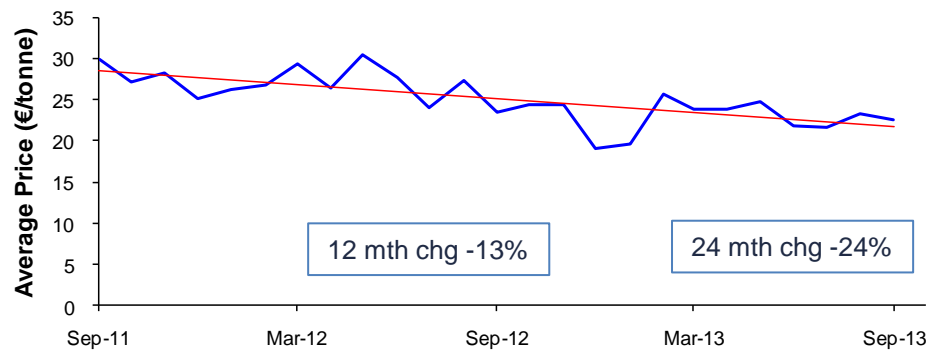
Metal monthly average price



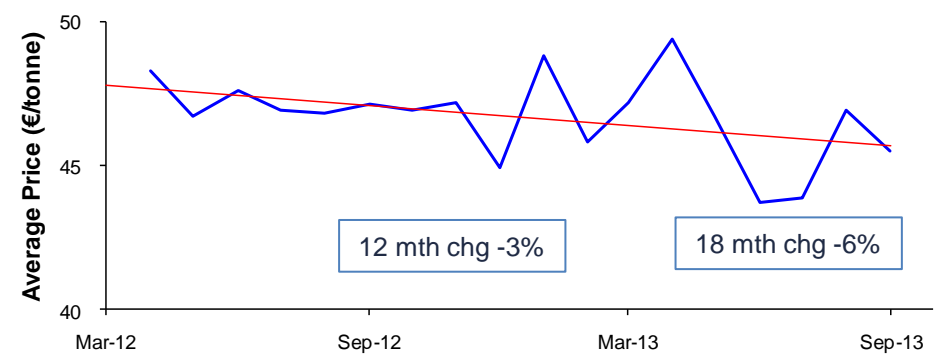
Paper monthly average price



Woodchips monthly average price



Glass monthly average price



Structural Cost Programme

- Benelux cost reduction programme on track to deliver €19m of savings in 2015/16
 - Commitment of €10m for 2014/15 on track
- Cash cost of €19m results in one year cash payback
- All non-cash impairments in 2012/13

Benelux Programme €m	P&L charge			Timing of charge			Expected benefit			
	Cash	Non Cash	Total	12/13	13/14	14/15	12/13	13/14	14/15	15/16
Benelux Solid Waste	10	4	14	11	2	1	4	8	10	10
Portfolio Management	1	7	8	8	-	-	-	1	1	1
Solid Waste shared services	8	-	8	-	8	-	-	-	1	4
Procurement	-	-	-	-	-	-	-	1	2	4
	19	11	30	19	10	1	4	10	14	19

- Projected cash out for the total programme including all other divisions now £23m versus £28m originally expected

PFI Directors' Valuation

- Portfolio valuation includes the four fully operational contracts, BDR and Wakefield under construction and Derby
- Valuation based on the cash flows of the financial vehicles and the operating contracts - discounted at 8%
- Valuation at £88m – no change from March 13

Valuation of future cash flows discounted at 8%:	£m
Contracts in full operations - operational contract value	54
Contracts in build phase & at preferred bidder status - operational contract value	24
	<hr/> 78
Contracts in full operations - SPV financing vehicles	4
Contracts in build phase & at preferred bidder status - SPV financing vehicles	6
	<hr/> 88
Directors' Valuation at 30 September 2013	88
 Directors' Valuation at 31 March 2013	 88

Segmental Analysis

	Revenue			Trading Profit		
	Six months ended			Six months ended		
	Sep 13	Sep 12	Variance	Sep 13	Sep 12	Variance
	£m	£m	%	£m	£m	%
Solid Waste Benelux	165	167	(1)	10.7	9.4	14
Hazardous Waste	75	68	11	11.1	9.9	12
Organics	19	18	5	3.2	3.1	3
UK Municipal	71	59	19	4.7	4.4	7
Group central services	-	-		(3.6)	(2.7)	(33)
Inter-segment revenue	(5)	(3)		-	-	
	325	309	5	26.1	24.1	8

Trading profit = operating profit before amortisation of acquisition intangibles and exceptional items

Balance Sheet

	Sep 13 £m	Sep 12 £m
Tangible fixed assets	334.9	376.1
Goodwill & other intangibles	232.0	258.7
Financial assets relating to PFI/PPP contracts	145.2	73.9
Trade and other receivables	2.8	7.2
Investments	5.7	6.6
Non current assets	720.6	722.5
Working capital	(22.0)	(12.1)
Assets classified as held for sale	11.8	-
Pension deficit	(12.9)	(11.0)
Taxation	(34.0)	(25.2)
Provisions and other liabilities	(52.0)	(57.8)
Net core debt	(182.2)	(188.1)
PFI non recourse net debt	(121.3)	(60.1)
Derivative financial liabilities	(16.7)	(25.9)
Net Assets	291.3	342.3

Return on Capital

	Sep 13	Mar 13	Sep 12
Post tax ROIC (on depreciated capital base including goodwill)	5.8%	5.4%	6.2%
Return on operating assets – continuing operations (trading profit on depreciated operating assets excluding debt, tax and goodwill)	14.8%	14.2%	16.0%
Post tax project returns – fully operational projects in £250m programme (on the original invested capital)	14.3%	12.1%	12.4%

Glossary

AD	Anaerobic digestion
C&D	Construction & Demolition
CHP	Combined Heat & Power
I&C	Industrial & Commercial
MBT	Mechanical Biological Treatment
MRF	Material Recycling Facility
PFI	Private Finance Initiative
PPP	Public Private Partnership
RDF	Refuse Derived Fuel
ROC	Renewable Obligation Certificate
SRF	Solid Recovered Fuel